

# **West Midlands Metropolitan Authorities Pension Fund**

Actuarial valuation report as at 31 March 2004

March 2005

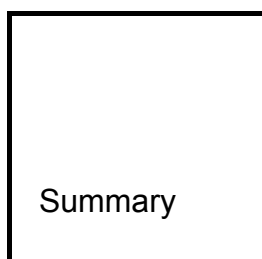
**West Midlands Metropolitan  
Authorities Pension Fund**  
Actuarial Valuation Report  
As at 31 March 2004

**MERCER**

Human Resource Consulting

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## **1. Funding objective**

The funding objective is:

- To achieve and then maintain a funding target that requires assets equal to 100% of the present value of benefits based on completed service including provision for the effects of future salary growth and inflation up to retirement.

Further details on the funding objective are given in Section 2.

## **2. Valuation results**

### **Past service**

The Fund shows a deficit of £1,698 million at the valuation date against the above funding objective and on the actuarial assumptions detailed in this report. This represents a funding level of 74%.

### **Future service**

The Common Contribution Rate (i.e. the contribution rate in respect of future service only) is 9.9% of Pensionable Pay.

Further details on these results are given in Section 1.

## **3. Funding plan**

The funding plan is set out in the Fund's Funding Strategy Statement, as prepared by the Administering Authority (Wolverhampton City Council). Individual employer funding plans, and the resulting certified contribution rates, have been determined in accordance with the FSS. Depending on individual circumstances, different approaches to the funding of benefits have been adopted, as part of the FSS consultation process. However, for the majority of employers the two main features of the funding plan are that contribution rates should be assessed based on recovery of

the deficit over a maximum period of 25 years, and that any increase in contributions to this required level can be phased in over a period of up to 6 years.

If the deficiency is recovered over this 25 year period then the average employer contribution rate emerging from the valuation is 16.0% of Pensionable Pay per annum. Disregarding the effect of phasing in increases and in the absence of any further reviews, this average contribution rate would be paid for 25 years from 1 April 2005, reverting to 9.9% of Pensionable Pay at the end of the period. In practice, contribution rates will be reviewed regularly over this period so that, all other factors being neutral, a gradual revision of the average employer's contribution rate towards the Common Contribution Rate may be expected.

The recommended employer contribution rates for the period 1 April 2005 to 31 March 2008 are set out in the Certificate attached to this report. Employee contributions are payable in addition to the employer contributions. These contributions are adequate to meet the above funding objective based on the actuarial assumptions detailed in this report.

An allowance has been made in the rate for certain employers to cover the anticipated costs of non-ill health early retirements over 3 years from 1 April 2005. The allowance is shown in the schedule.

These contributions have been set in accordance with the provisions of Regulation 77 of the Local Government Pension Scheme Regulations 1997 (as amended).

#### **4. Investment strategy**

The investment strategy pursued by the Administering Authority, and reflected in the Statement of Investment Principles involves an element of risk. The risks of the strategy relative to the form and incidence of the liabilities are discussed at the end of Section 1.



1. I am the actuary to the West Midlands Metropolitan Authorities Pension Fund ("the Fund"). This is a report to the Administering Authority of the Fund on my actuarial valuation of the assets and liabilities of the Fund as at 31 March 2004. The last actuarial valuation of the Fund was carried out as at 31 March 2001.
2. The valuation has been undertaken in accordance with the Local Government Pension Scheme Regulations 1997 (as amended) ("the Regulations").
3. The calculations in the report use methods and bases appropriate for the purpose described above. Figures required for other purposes, such as employer accounting, should be calculated in accordance with the specific requirements for such purposes and it should not be assumed that the figures provided here are appropriate.
4. Although addressed to the Administering Authority, this report may be disclosed to other parties with the consent of the Administering Authority, or under the disclosure legislation and regulations. Such parties may use the results as a guide to the funding position of the Fund. Mercer Human Resource Consulting Limited does not accept liability to any other third parties in respect of the contents of this report.
5. This report complies with the requirements in the appropriate version of Guidance Note 9 - 'Retirement Benefit Schemes - Actuarial Reports' (insofar as it applies to Local Government Schemes), issued jointly by the Institute of Actuaries and the Faculty of Actuaries. This report does not deal with the solvency position of the Fund were it to be discontinued, given the statutory constitution of the Local Government Pension Scheme.

**Signature**



**Actuary:**

C R Hull

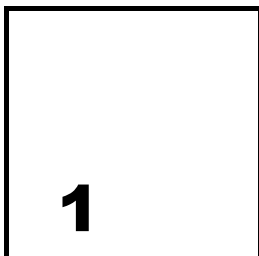
**Date of Signing:**

18 March 2005

**Qualification:**

Fellow of the Institute of Actuaries

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## Results

- 1.1 The results of the valuation are shown below. The method and assumptions used are described in Sections 2 and 3.

### Future service

- 1.2 In calculating the average employer contribution rate required for future service only (the Common Contribution Rate), the pension and death-in-service benefits arising from one year's future pensionable service have been valued. Allowance has also been made for the cost of administrative expenses paid from the Fund.

	<b>% of Pensionable Pay</b>
Contribution rate for:	
▪ pension and death-in-service benefits	15.5
▪ administrative expenses	0.3
Total contribution rate	15.8
Average employee contribution rate	5.9
Common Contribution Rate	9.9

The Common Contribution Rate identified at the previous valuation was 11.2% of Pensionable Pay.

- 1.3 Allowance has been made for the benefit changes introduced by the Local Government Pension Scheme (Amendment) (No.2) Regulations 2004, which take effect from 1 April 2005 (see Appendix A). On 18 March 2005 the Government announced its intention, subject to statutory consultation, to revoke these changes. In the event that the changes are revoked, then the contribution rates set out in this

report and the attaching Rates and Adjustments Certificate will need to be reviewed.

### **Past service**

- 1.4 The next step is to consider the imbalance between the assets of the Fund and the funding target.

Value of liabilities	<b>£m</b>
▪ members in service	3,272
▪ deferred pensioners	637
▪ pensioners	2,528
Total liabilities	6,437
Market value of assets (excluding AVC funds)	4,739
Deficit	1,698
Funding level	74%

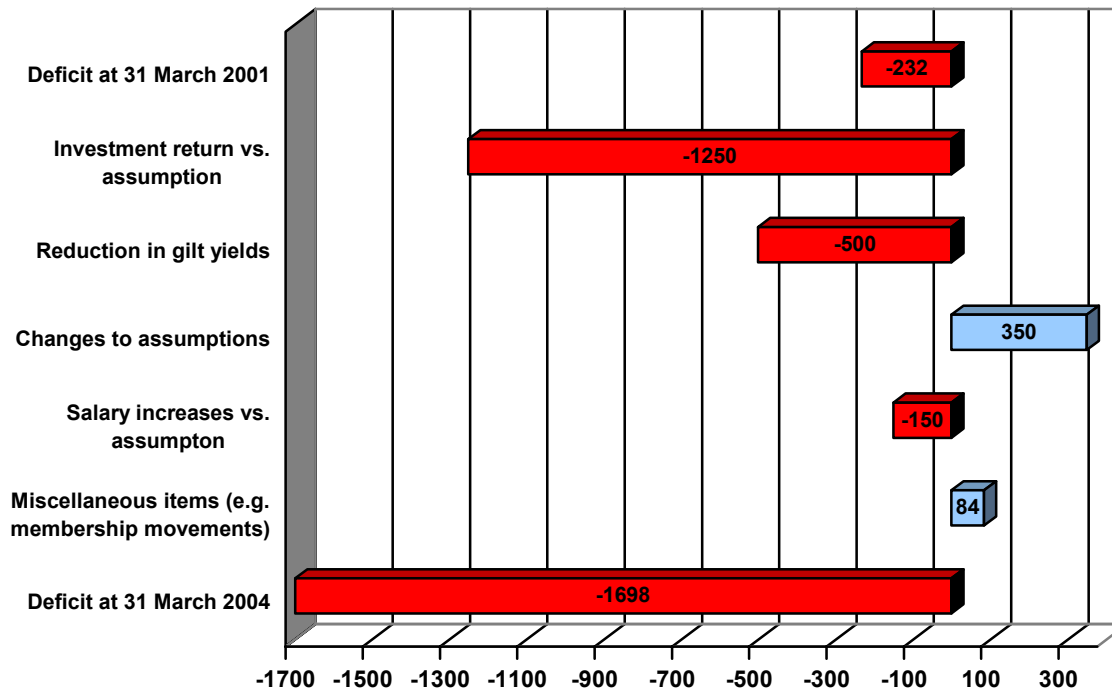
The funding objective is to achieve and maintain a funding level of 100%. The deficit of £1,698 million could be eliminated by an average contribution addition of 6.1% of Pensionable Pay for 25 years. This would imply an average employer contribution rate of 16.0% (12.8% at the previous valuation) of Pensionable Pay.

- 1.5 Of the many assumptions upon which the level of deficit revealed above is dependent, one of the most important is the extent to which advance credit has been taken for the expected future out-performance of the Fund's investments over that available from gilts. If the long-term return were assumed to be in line with the gilt return (as would be the case if the portfolio were closely matched against its liabilities), then the above deficit might increase to about £3,635 million.
- 1.6 It is highly likely that future financial developments will not follow the assumptions made in the valuation, especially in the short term. The scope for variation in the funding level – and resulting contribution requirements – is substantial. Changing the investment return assumption, for example, by ½% per annum would have approximately an 8% effect on the overall liabilities. Reducing the allowance for salary increases by ½% per annum would reduce the deficit by about £205 million.



## Reconciliation to previous valuation

1.7 The previous actuarial valuation was carried out as at 31 March 2001 and showed that the value of the assets was lower than the value of the accrued liabilities, after making allowance for projected salaries. There was therefore a deficit in the Fund of £232 million. The principal reasons for the change in the funding position (with figures being rounded to whole £m) are as follows:



## Maximum funding

1.8 The Fund's funding level on the maximum funding test under the Income and Corporation Taxes Act 1988 is less than 105% and therefore this test does not impinge on the decisions regarding the contribution rates payable to the Fund. The necessary certificate confirming this position is included in this report.

## **Funding plan**

1.9 The average employer contribution rate required to meet the funding objective is:

9.9% of Pensionable Pay (i.e. the Common Contribution Rate)

plus

6.1% of Pensionable Pay for a period of 25 years (to remove the deficit)

In the absence of other factors impinging on the Fund, average contributions at the above level would mean a gradual improvement in the funding level of the Fund so that at the end of 25 years the funding level would have increased to 100% (based on the actuarial assumptions detailed in Section 3).

Additional capital contributions are payable in relation to non-ill health early retirements, except where an allowance has been made in the employer's rate.

1.10 In practice, each employer's position is separately assessed and our certificate confirming the individual employer contribution rates payable for the period 1 April 2005 to 31 March 2008 is attached to this report. These individual rates take into account the differing circumstances of each employer and the funding plan, as laid down in the Funding Strategy Statement, in particular in relation to deficit recovery period and implementation of increases in employer contributions where these are required.

## **Investment strategy**

1.11 It has been assumed that the Administering Authority will continue to invest a significant portion of the assets of the Fund in UK and overseas equities and that these will produce a future investment return that exceeds the current yield available on bonds.

1.12 Alternative investment strategies could be followed that would minimise the risk of deterioration in the Fund's funding position. One such strategy would be to invest the assets of the Fund primarily in long-term fixed and index-linked bonds. This strategy would substantially reduce the risk that changing economic conditions will cause deterioration in the Fund's funding position. It would also tend to produce a more stable contribution rate but at a much higher overall level than indicated on the valuation assumptions.

1.13 This alternative strategy would involve investing more significant portions of the assets in bonds. This would lead directly to higher contribution rates since it would no longer be appropriate to anticipate the higher investment return that is generally achieved by equities.

- 1.14 It is recommended that the Administering Authority reviews investment objectives and strategy regularly. The broad purpose of such reviews should be:
- to review the investment risk associated with different investment strategies; and
  - to confirm that the current strategy remains appropriate, or otherwise, to act as a stimulus for change.
- 1.15 The analysis in Appendix G illustrates the level of risk inherent in the Fund's current investment strategy by showing the scope for variation in the past service funding level over the next three years.

# 2

## **Valuation objectives and method**

### **Valuation objectives**

- 2.1 The valuation has been undertaken in accordance with the provisions of the Local Government Pension Scheme Regulations 1997 (as amended) (“the Regulations”). Under the Regulations, the contribution rates set for the various participating employers are determined by the Fund’s actuary, having regard to the Funding Strategy Statement (FSS).
- 2.2 The FSS has been prepared by the Administering Authority, in accordance with Regulation 76A of the Local Government Pension Scheme Regulations 1997 (as amended), after taking account of guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and after consultation with the participating employers.
- 2.3 The funding objective for the Fund is to achieve and then maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis including allowance for projected final pay. The funding plan, in accordance with the Funding Strategy Statement, is to achieve the funding objective over a maximum period of 25 years.

### **Valuation method**

- 2.4 The same actuarial method, namely the Projected Unit method, has been used at this and the previous valuation. The Projected Unit method is consistent with the funding objective and is in common use for funding pension funds in the United Kingdom.
- 2.5 The recommended contribution under the Projected Unit method consists of two parts:

- the **Common Contribution Rate** required to meet the cost of benefits accruing for service after the valuation. This is calculated as the value of benefits expected to accrue to the membership in respect of one year's service based on projected salaries, with appropriate allowance for administrative expenses and members' contributions,

plus

- the **contribution adjustment** required to correct (over an agreed future period) any imbalance between the assets of the Fund and the funding objective.

2.6 For a given set of actuarial assumptions, the method has the following characteristics:

- if the membership profile remains stable in terms of age and sex, then the Common Contribution Rate (as a percentage of Pensionable Pay) will remain stable. The method therefore implicitly allows for new entrants;
- if the supply of new entrants to the Fund is cut off or declines, then the Common Contribution Rate will tend to rise at future valuations.

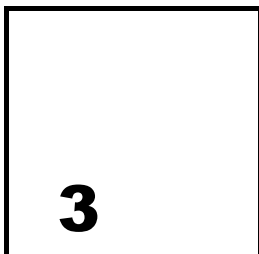
### **Selection of assumptions**

#### **Common Contribution Rate**

- 2.7 As described above, the Common Contribution Rate to the Fund is calculated as the value of benefits expected to accrue to the membership in respect of one year's service based on projected salaries and assessed on the valuation assumptions (see Section 3 for further details).
- 2.8 Under the Regulations, the actuary must have regard to the desirability of maintaining as nearly constant an employer contribution rate as possible. We have therefore used long-term actuarial assumptions (a "nominal yield basis") to calculate the Common Contribution Rate.

#### **Contribution adjustment**

- 2.9 As described above, an adjustment is made to the Common Contribution Rate to correct (over an agreed future period) any imbalance between the assets of the Fund and the funding objective (i.e. the present value of benefits based on completed service including provision for the effects of future salary growth and inflation up to the assumed retirement age). To determine the adjustment, assets and liabilities must be calculated on a consistent basis. The funding objective has been calculated on valuation assumptions (see Section 3 for further details) that are consistent with market conditions on the valuation date (a "current yield basis"), and the assets have been taken at their market value at that date.



## **Valuation assumptions**

- 3.1 The valuation results depend on the assumptions used. There are two broad categories of assumptions:
- financial assumptions - such as the investment return that will be earned in the future and the rates at which earnings and pensions will increase; and
  - demographic assumptions - such as rates of mortality, retirement, and withdrawal from the Fund.
- 3.2 The financial and demographic assumptions are considered separately below. A number of changes have been made to the assumptions used for the last actuarial valuation. These have been noted below.
- 3.3 In addition, there are special considerations in respect of the assumptions to adopt when calculating individual employer contribution rates. These issues are considered at the end of this section.

### **Financial assumptions – past service**

- 3.4 In setting any actuarial basis, it is important to appreciate that the differences between the financial assumptions, (for example, the real returns above price and salary inflation) are more significant for the valuation result than the absolute rates of investment return and price/salary inflation individually.
- 3.5 The financial assumptions for valuing past service liabilities have been derived from the long-term yield on Government bonds in the market at the valuation date. The table below compares the key market yields on the valuation date with the corresponding yields at the last valuation:

	<b>Valuation date</b>	<b>Previous valuation</b>
Annualised yield on long-dated fixed gilts	4.6%	4.6%
Annualised yield on long-dated index-linked gilts	1.8%	2.3%
Long term expectation for annual price inflation	2.8%	2.3%

### **Investment return**

3.6 In considering the past service investment return assumptions the following have been taken into account:

- the return available on long-dated gilts of 4.6% per annum.
- the expected out-performance over gilts in the long-term from other asset classes, such as equities, held by the Fund. It is a matter of judgement what the expected out-performance relative to gilts should be.
- In considering the allowance for expected out-performance relative to gilts, it must be recognised that this will primarily be generated by the Fund's equity investment content. The proportion of the Fund invested in equities is a relevant factor, but the higher the equity content adopted (in pursuit of higher overall returns) the greater will be the volatility in funding outcomes from one valuation to the next.
- For this valuation the asset out-performance assumption for valuing past service liabilities has been set at 2.0% per annum for the period pre-retirement and 1.0% per annum for the period post-retirement. The allowance for this out-performance is based on the liability profile of the Fund, with a higher assumption in respect of the "pre-retirement" (i.e. active and deferred pensioner) liabilities than for the "post-retirement" (i.e. pensioner) liabilities. This approach allows for a gradual shift in the overall equity/bond weighting of the Fund as the liability profile of the membership matures over time.

At the 2001 valuation an asset out-performance assumption of 1.0% per annum for the period pre and post retirement was used to value past service liabilities.

### **Pension increases**

3.7 The Fund guarantees to increase the pension in payment in line with price inflation. Therefore, for valuing past service liabilities the pension increase assumption has been set equal to the long term current expectation for price inflation (i.e. 2.8% per annum as shown above).

### **Pensionable Pay increases**

- 3.8 It has been assumed that increases in Pensionable Pay will be 1.75% per annum above the assumed increase in price inflation of 2.8% per annum i.e. a total increase of 4.55% per annum for valuing past service liabilities. At the 2001 valuation Pensionable Pay was assumed to increase at 1.5% per annum in excess of price inflation and in addition a salary scale was included for certain members to reflect promotional increases. No salary scale has been included for this valuation. This is explained further under “Demographic assumptions” below.

### **Financial assumptions – future service**

- 3.9 In deriving the assumptions to be used for assessing the future service contribution rate (the Common Contribution Rate), account has been taken of the fact that contributions will be invested in market conditions applying at future dates, which are unknown at the present time and are not directly linked to market conditions at the valuation date. Further, the future service liabilities for which these contributions will be paid have a longer average duration than the past service liabilities. Given this, a "longer-term" view has been taken in setting the future service basis with the result that the financial assumptions adopted are essentially the same as for the previous valuation. The allowance for Pensionable Pay increases above price inflation has, however, been changed in the same way as for past service.

### **Financial assumptions - summary**

- 3.10 In summary, the financial assumptions adopted for the valuation (2001 valuation assumptions shown in brackets) are as follows:

	<b>Past service</b>	<b>Future service</b>
Investment return		
- pre retirement	6.6% p.a. (5.6% p.a.)	6.5% p.a. (6.5% p.a.)
- post retirement	5.6% p.a. (5.6% p.a.)	6.5% p.a. (6.5% p.a.)
Pensionable Pay increases	4.55% p.a. (3.8% p.a.)	4.25% p.a. (4.0% p.a.)
Pension increases	2.8% p.a. (2.3% p.a.)	2.5% p.a. (2.5% p.a.)

### **Demographic assumptions**

- 3.11 The demographic assumptions used for the valuation cover factors such as rates of withdrawal, ill health retirements and proportions married.
- 3.12 In relation to members in active service, we have traditionally differentiated between manual and officer members in connection with such areas as the assumed rates of early retirement in ill-health, early leaving and assumed future promotional pay rises. However, with the advent of “single status” employment,



it is often no longer possible to identify in LGPS pension scheme records whether an employee should be described as “manual” or “officer”. We have therefore brought the demographic assumptions for both groups into line with one another at this valuation. For this purpose, we have adopted the assumed rates of ill-health retirement and/or leaving as were previously applied to officer members. In addition we have removed the assumed promotional salary scale which applied to officers, and replaced it with an overall increase in the assumed earnings inflation rate of 0.25%.

- 3.13 The most important of the demographic assumptions are discussed below. In addition, an analysis of actual experience during the intervaluation period, compared with that expected on the demographic assumptions adopted at this valuation, is set out in Appendix F.

### **Early retirement**

- 3.14 Some members are entitled to receive their benefits unreduced from an age prior to the Fund’s normal pension age under the “Rule of 85” provisions of the Regulations. This age will be at some point between ages 60 and 65, depending on the length of a member’s pensionable service. Our calculations in respect of past service allow for a proportion of the active membership to retire in normal health prior to age 65, as set out below.

	% retiring per annum	
Age	Males	Females
60	24.0	41.0
61	15.0	20.0
62	21.0	20.0
63	22.0	19.0
64	26.0	23.0

- 3.15 For future service the situation is different since the “Rule of 85” rule has been removed for service from April 2005. Further detail of these changes is given in Appendix A. As a result of the changes, for future service we have assumed the earliest age at which unreduced benefits become an entitlement is 65 except for those members who have protected status under the transitional provisions.
- 3.16 As for the 2001 valuation, for certain employers we have made an assumption for the number of non-ill health early retirements and respective liabilities over the next three years. Where no allowance has been made additional capital contributions will be paid by employers.

- 3.17 We have allowed for outstanding contributions due in respect of early retirements occurring prior to the valuation date by offsetting the costs being met by the employer against the corresponding liabilities.

**Ill health retirement**

- 3.18 A small proportion of the members in service have been assumed to retire owing to ill health. The allowance for ill health retirements will be reviewed at future valuations. The following is an extract from the decrement table used.

Age	% retiring per annum	
	Males	Females
35	0.06	0.11
45	0.28	0.38
55	1.25	1.69

**Mortality**

- 3.19 There has been a trend for people to live longer and this is expected to continue. Consequently, for this valuation lighter mortality assumptions have been adopted than used for the previous valuation in order to make some allowance for this improved longevity. It should be stressed, however, that the valuation does not make allowance for the full extent of the increased longevity indicated by the most recent mortality investigations. Therefore, this assumption will continue to be monitored in the light of general trends in mortality experience and the Fund's specific experience.
- 3.20 The following standard tables have been used:

Pensionable Employees	
<b>Males</b>	<b>PMA92 Base rated down by 2 years</b>
<b>Females</b>	<b>PFA92 Base rated down by 2 years</b>
Preserved Pensioners	
<b>Males</b>	<b>PMA92 Base rated down by 2 years</b>
<b>Females</b>	<b>PFA92 Base rated down by 2 years</b>
Current Pensioners	
<b>Males</b>	<b>PMA92 Base</b>
<b>Females</b>	<b>PFA92 Base</b>

For members who are assumed to retire in ill health from active status, their mortality assumption is as described above but rated up by 5 years (e.g. PMA92 Base rated up by 3 years for males).

### **Withdrawals**

- 3.21 This assumption relates to those members who leave the Fund with an entitlement to a deferred pension or transfer value. It has been assumed that members in service will leave the Fund at the following sample rates:

Age	% leaving per annum	
	Males	Females
25	4.4	7.7
35	1.6	4.2
45	0.9	1.9

### **Proportion married and age difference**

- 3.22 The Fund provides pensions to members' spouses on death. It has been assumed that the proportion of members married will be in accordance with the sample rates below. A further assumption has been made that wives are three years younger, on average, than their husbands.

Age	% married	
	Males	Females
25	34	56
35	81	84
45	92	93

### **Discretionary benefits**

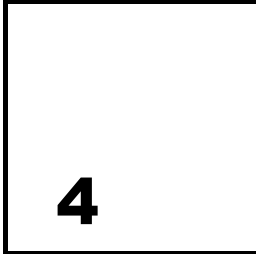
- 3.23 The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the Regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation (except to the extent that this cost is covered by the early retirement strain allowance described earlier in this section).

### **Individual employers**

- 3.24 Having developed the assumptions in this way for the Fund overall, it is important to consider how the financial assumptions in particular impact on individual participating employers. As employers in the Fund will have different mixes of

active, deferred and pensioner members, adopting a different pre/post retirement investment return approach is equivalent to hypothecating a different equity/bond mix investment strategy for each employer. Such an approach would be inconsistent with the Fund practice of allocating investment performance pro rata across all employers based on a “mirror image” investment strategy to the whole Fund. In completing the calculations for individual employers, we have therefore adopted a combined single pre and post retirement asset out-performance assumption.

- 3.25 The funding plan adopted in setting individual contribution rates is in accordance with the FSS. Variations in deficit recovery periods adopted and the approach to phasing of contribution increases are as determined through the FSS consultation process and discussions between the administering authority and individual employers.
- 3.26 Where an employer’s contribution rate resulting from the valuation would exceed 25% of Pensionable Pay, the rate certified has been capped at 25%, with additional contributions as required in excess of 25% expressed as monetary amounts.



## **Valuation data and trends**

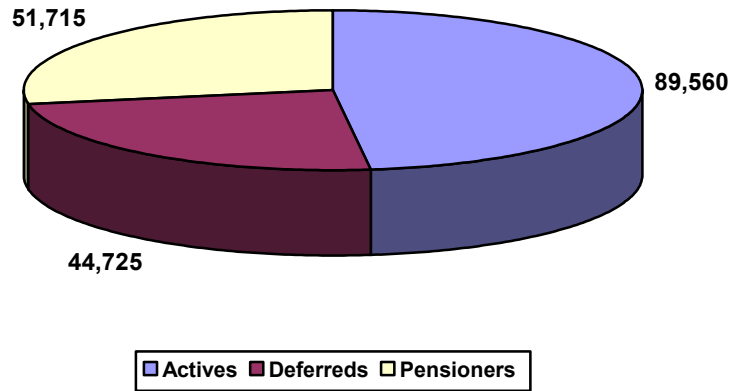
- 4.1 The valuation is based on three key items of data:
- the membership of the Fund at the valuation date;
  - the benefits promised by the Fund as set out in the Regulations; and
  - the amount of assets held by the Fund on the valuation date.
- 4.2 The primary responsibility for the accuracy of the data provided is with the Administering Authority who may rely on others for the provision and maintenance of accurate data. Such reasonableness checks as are practicable have been carried out on this data. These checks do not guarantee the accuracy of the data.

### **Membership**

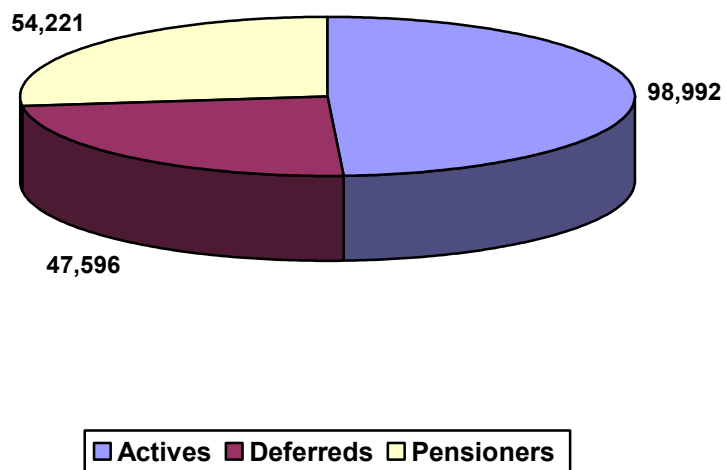
- 4.3 Data in relation to members in service, former employees with deferred pensions and current pensioners were obtained from computerised records maintained by the Administering Authority.
- 4.4 The following charts summarise the change in total membership since the 2001 valuation and also show the age profile of the active membership at this valuation. A more detailed summary of the membership data at the valuation date, with figures at the previous valuation date shown for comparison, is included as Appendix B. A split of the membership between the employers is shown in Appendix C.

**Summary of Membership**

**At 31 March 2001**



**At 31 March 2004**



## Age Profile of Active Members as at 31 March 2004



### Benefits

- 4.5 The benefits provided by the Fund and taken into account in this valuation are set out in the Local Government Pension Scheme Regulations 1997 (as amended) as at the date of signing this report. The Regulations have been amended in a number of respects since the last valuation. The most significant changes that will impact on the benefits payable are set out in Appendix A. We have made no allowance for other changes which may be introduced in the future.
- 4.6 Benefits recharged to individual employers on a £ for £ basis have been excluded from the calculation of the valuation liabilities.
- 4.7 UK and European law require pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the "Barber" judgement). There is still no general agreement on whether this applies to inequalities caused by guaranteed minimum pensions (GMPs) and, if it does, what adjustments have to be made to scheme benefits to correct these inequalities. The valuation makes no allowance for equalisation of these inequalities. It is

consequently possible that additional funding will be required for equalisation once the law has been clarified.

## **Assets**

- 4.8 Details of the assets held by the Fund, and audited accounts covering the period ended 31 March 2004, were supplied by the Administering Authority. Full details of the assets are given in Appendix D, with a summary of income and expenditure in Appendix E.
- 4.9 The Fund's assets are invested in equities, bonds and other assets, in both UK and overseas markets using investment managers, who invest either directly in stocks or via pooled funds investing in such stocks.
- 4.10 The Fund has a money purchase additional voluntary contribution (AVC) facility to which members may choose to pay additional contributions to secure additional benefits. As the assets under this arrangement are used solely to meet and match, precisely, the AVC liabilities, they have been ignored for the purposes of this valuation.



Appendix A

### **Summary of significant benefit changes**

A number of changes have been made to the Regulations during the period since the last valuation. The significant changes are summarised below.

1. The introduction of benefits for Councillors in England and Wales.
2. The Local Government Pension Scheme (Amendment) Regulations 2004 made the following principal changes from 1 April 2004:
  - Introduction of vesting of benefits after 3 months.
  - Introduction of the restriction of re-employed pensioners and deferred pensioners to have their service aggregated for benefit calculation purposes.
3. The Local Government Pension Scheme (Amendment) (No.2) Regulations 2004 make the following changes, effective from 1 April 2005:
  - Removal of “Rule of 85” retirement terms for benefits earned from scheme membership after 1 April 2005.
  - Normal retirement age of 65 for all members.
  - Increase in the earliest age from which retirement benefits may be paid, other than on grounds of ill health, from 50 to 55.

The changes in retirement terms summarised in 3 above are subject to certain transitional provisions as follows:

**(a) Protection of retirement benefits payable at the member's old Rule of 85 age.**

Benefits built up from service before 1 April 2005 will continue to be payable unreduced from the member's Rule of 85 age, where this falls before the normal retirement age of 65. Employer consent is still required for retirement prior to age 60.

**(b) Protection of unreduced retirement from the later of age 60 and Rule of 85 age, for members as at 31 March 2005 who attain age 60 on or before 31 March 2013.**

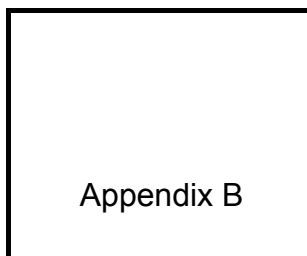
These members will, if they retire on or after their Rule of 85 age (between ages 60 and 65), have no reduction applied to benefits in respect of service completed prior to 1 April 2013.

**(c) Members aged 50 or more on 31 March 2005.**

Such members will continue to be eligible for immediate payment of retirement benefits if made redundant prior to age 55, and also to retire at their own volition, subject to employer consent, prior to age 55 (although benefits may be reduced for early payment in the latter case).

On 18 March 2005 the Government announced its intention, subject to statutory consultation, to revoke the Local Government Pension Scheme (Amendment) (No 2) Regulations 2004 with retrospective effect. It also announced its intention to begin consultation on new Regulations, to ensure the continuing solvency of the scheme.

The contribution rates set out in this report and attaching Rates and Adjustments Certificate allow for the financial impact of the changes to retirement terms effective from 1 April 2005. In the event that these changes are revoked (without corresponding changes of equal financial effect being simultaneously introduced), then the contribution rates will need to be reviewed.



## Summary of membership data

### Pensionable Employees

	<b>At 31.3.2001</b>	<b>At 31.3.2004</b>	<b>Increase (%)</b>
Number	89,560	98,992	10.5
Annual Pensionable Pay <sup>1</sup> (£m)	1,131.7	1,382.8	22.2
Average Pensionable Pay (£)	12,636	13,969	10.5
Average Age (years)	42.9	43.3	N/A
Average Reckonable Service (years)	7.8	8.2	5.1

1. Pensionable Pay figures include actual pay for part-time employees.

### Preserved Pensioners\*

	<b>At 31.3.2001</b>	<b>At 31.3.2004</b>	<b>Increase (%)</b>
Number	44,725	47,596	6.4
Annual Pensions inclusive of Pension Increase (£m)	42.9	49.2	14.7
Average Pension including Pension Increase (£)	960	1,034	7.7
Average Age (years)	44.7	45.7	N/A

\* including frozen refunds and leaver options pending

**Current Pensioners**

	<b>At 31.3.2001</b>	<b>At 31.3.2004</b>	<b>Increase (%)</b>
Number	43,174	45,245	4.8
Annual Pensions inclusive of Pension Increase (£m)	151.5	169.3	11.7
Average Pension including Pension Increase (£)	3,509	3,742	6.6
Average Age (years)	67.8	68.7	N/A

**Current Widow/Widower Pensioners**

	<b>At 31.3.2001</b>	<b>At 31.3.2004</b>	<b>Increase (%)</b>
Number	8,108	8,483	4.6
Annual Pensions inclusive of Pension Increase (£m)	16.4	18.1	10.4
Average Pension including Pension Increase (£)	2,024	2,139	5.7
Average Age (years)	73.2	73.7	N/A

In addition there were 493 current dependant pensioners as at 31 March 2004 with pensions in payment totalling £559,545 per annum.

Appendix C

**Distribution of membership by employing bodies**

<b>Employing Body</b>	<b>Pensionable Employees</b>	<b>Preserved Pensioners</b>	<b>Pensioners</b>
Adoption Support	3	1	1
Age Concern Wolverhampton	10	4	0
All Saints Haque Centre	1	1	0
Amey Highways Ltd	8	0	0
Aquarius Action Project	1	0	0
Area Health Authority	0	0	77
Asian Welfare Centre	0	2	0
Aston University	2	13	95
AWG Facilities Services Ltd	992	93	75
Balsall Parish Council	1	0	0
Beechdale Community Housing Association Ltd	15	3	4
Belgrade Theatre Trust Ltd	0	1	5
Birmingham & Solihull Learning Exchange	3	0	0
Birmingham and Solihull Connexions Service	455	76	4
Birmingham Heartlands Development Corporation	0	7	3
Birmingham Institute for the Deaf	1	1	3
Birmingham International Airport Plc	0	115	133
Bickenhill Parish Council	3	0	0
Bilston & Ettingshall Sure Start	4	0	0
Birmingham Accord Limited	511	74	55
Birmingham City Council	34756	16061	17589
Birmingham College of Food, Tourism & Creative Studies	217	67	24
Valuation Tribunal Service	2	3	5
Black Business in Birmingham	2	0	0
Black Country Careers Service	0	9	8
Black Country Connexions	109	8	0
Black Country Development Corporation	0	41	13
Black Country Museum Development Trust	0	1	0

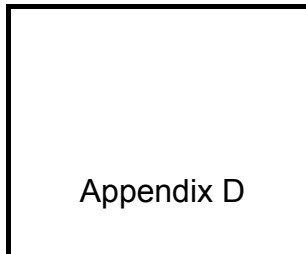
<b>Employing Body</b>	<b>Pensionable Employees</b>	<b>Preserved Pensioners</b>	<b>Pensioners</b>
Black Country Museum Trust Ltd	30	4	16
Bloomsbury Local Management Organisation Ltd	21	1	1
Bournville College of Further Education	158	34	24
Brownhills Community Association	4	0	0
Burrowes Street Co-op Ltd	4	0	1
Bushbury Hill Estate Management Board Ltd	6	4	0
C S W Partnership Ltd	336	41	15
C V One Ltd	66	10	4
Cadbury Sixth Form College	45	4	3
Castle Bromwich Parish Council	3	1	0
Central Parking System - UK Ltd	22	2	0
CENTRO	348	1694	4411
Chelmsley Wood Town Council	7	0	0
Chris Law's Day Centre for Older People	4	1	1
Chuckery Tenant Management Organisation Limited	8	0	0
City College Birmingham	345	131	52
City College Coventry	241	120	66
Cleanaway Limited	36	4	2
Community Justice National Training Organisation	1	4	0
Coventry & Solihull Waste Disposal	27	2	17
Coventry Law Centre	15	5	1
Coventry City Council	7989	5914	5363
Coventry Sports Trust Ltd	86	22	6
Coventry University	1034	473	393
Coventry Voluntary Services Council	0	0	3
Delves East Estate Management Ltd	7	1	0
Department of Transport	0	0	6
Department of Health and Social Security	0	0	1
Druids Heath Tenant Management Organisation	17	4	3
Dudley College of Technology	438	87	45
Dudley Metropolitan Borough Council	8853	2900	3448
Dudley Zoo Development Trust	0	1	1
East Birmingham Family Service Unit	0	3	0
Elliot House	0	2	3
EPBs	0	50	350
Family Care Trust (Solihull)	6	2	8
Focus Housing Association Ltd	16	4	7
Fordbridge Parish Council	3	0	0
Galliford (UK) Ltd	7	0	0
Halesowen College	110	55	24
Heart of England Care	7	9	6
Heath Town Estate Management Board	30	5	0
Henley College	150	48	19
Hereward College	221	70	32
Home-Start (Northfield)	2	0	0
Home-Start (Stockland Green)	4	0	0

<b>Employing Body</b>	<b>Pensionable Employees</b>	<b>Preserved Pensioners</b>	<b>Pensioners</b>
Home-Start (Walsall)	4	0	0
Accord Operations Limited (Shrewsbury)	7	0	0
Accord Operations Limited (Shropshire)	16	0	0
Accord Operations Limited (Tamworth BC)	1	2	0
Accord Operations Limited (Telford & Wrekin)	9	0	0
Job Change Ltd	0	1	0
Joseph Chamberlain College	40	15	6
Josiah Mason College	138	27	13
King Edward VI College	43	13	6
Kite Food Services Ltd	3	0	0
Leamore Residents Association Ltd	5	0	0
Leisure Living Limited	10	1	1
Lieutenancy Services (West Midlands) Ltd	2	0	0
Life Education Centres West Midlands	5	3	0
Lighthouse Media Centre	10	2	0
M A C (Cannon Hill Trust Ltd)	0	1	3
M S A - Cerebral Palsy	0	0	8
Manor Farm Community Association	2	0	0
Marketing Birmingham Ltd	0	5	4
Matthew Boulton College	117	58	30
Meriden Parish Council	1	0	0
Metropolitan Authorities Recruitment Agency (METRA)	0	5	1
Midland Area Housing Association	0	2	4
Midlands Housing Consortium	0	4	6
Milbury Community Services	4	0	0
Millennium Point Trust	3	4	1
Mitie Cleaning (Midlands) Ltd	8	0	1
Moseley & District Community Housing Association	0	0	1
Murray Hall Community Trust	6	0	0
Museum British Road Transport (Coventry) Ltd	27	0	0
National Probation Service West Midlands	1249	419	529
National Urban Forestry Unit	0	0	1
New Park Village Tenant Management Co-op Ltd	2	0	0
Newman College	1	2	7
North Birmingham College	18	3	0
Northern Housing Consortium Ltd	22	2	0
Optima Community Association	46	19	3
Palfrey Community Association	7	0	0
The Penderels Trust	3	0	0
Pool Hayes Community Association	1	1	0
Redcliffe Cater Ltd Aston	1	0	0
Redcliffe Cater Ltd Bord Green	7	0	1
Redcliffe Cater Ltd Camp Hill	6	0	0
Relate	0	0	3
Revenue Management Services	0	0	1
Severn Trent Water Authority	0	0	36

<b>Employing Body</b>	<b>Pensionable Employees</b>	<b>Preserved Pensioners</b>	<b>Pensioners</b>
Sandbank Tenant Management Co-op Ltd	6	0	0
Sandwell College	261	129	89
Sandwell Community Caring Trust	53	26	18
Sandwell Leisure Services	156	0	0
Sandwell Metropolitan Borough Council	8567	4385	5374
Sandwell Mental Health Trust	50	0	0
Selly Oak Nursery	0	1	0
Serco Limited	271	17	14
Sickle Cell & Thalassaemia Group	4	3	0
Smiths Wood Parish Council	1	0	0
Solihull Care Limited	8	23	2
Solihull College	308	114	80
Solihull Community Housing	270	0	0
Solihull Metropolitan Borough Council	4384	2622	2352
Solihull Sixth Form College	71	34	11
South Birmingham College	312	66	44
South Warwickshire Tourism Ltd	1	0	0
Springfield Horseshoe Housing Management Co-op	1	0	0
St Basil's Centre	0	4	0
St Columba's Day Care Centre	6	2	0
St Peter's College	0	0	4
Steps to Work (Walsall) Ltd	46	2	0
South Birmingham Family Service Unit	0	2	0
Stourbridge College	187	69	21
Sunderland ARC Ltd	5	0	0
Sutton College	307	93	55
T S B Bank Plc	0	118	65
Target Excel Plc	4	2	0
Target Excel Plc (Magistrates Courts)	1	0	0
Technology Innovation Centre	129	47	7
Three Tuns Neighbourhood Project	0	1	0
University of Birmingham (Westhill)	0	5	10
University of Central England	977	474	216
University of Warwick	5	13	37
University of Wolverhampton	1310	552	381
Vertex Data Science Ltd	3	0	0
Age Concern Birmingham	1	1	4
West Midlands Fire & Civil Defence Authority	503	201	209
West Midlands Transport Information Service Ltd	18	2	0
West Midlands Police Authority	3347	1445	1445
West Midlands Childrens Regional Planning Committee	0	1	2
West Midlands Examination Board	0	7	22
West Midlands Valuation Tribunal	0	1	3
Walsall Academy	31	0	0
Walsall College of Arts & Technology	261	69	41
Walsall Enterprise Agency Ltd	0	0	1

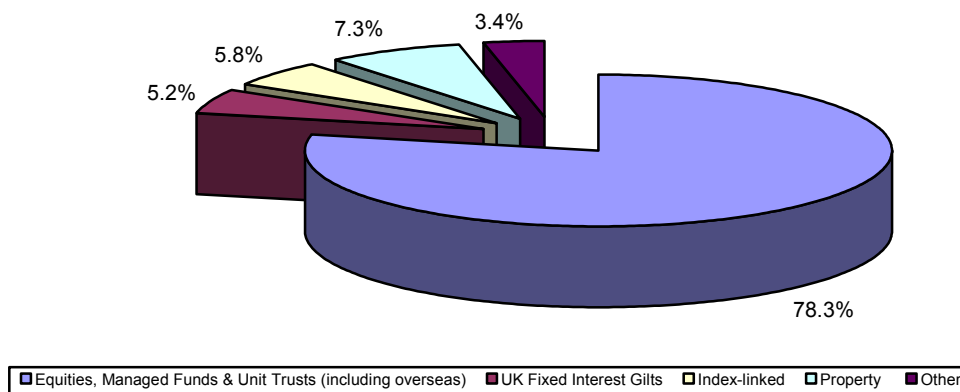


<b>Employing Body</b>	<b>Pensionable Employees</b>	<b>Preserved Pensioners</b>	<b>Pensioners</b>
Walsall Housing Group	791	20	9
Walsall Metropolitan Borough Council	6915	3084	4547
Walsall Alliance Tenant Management Organisation (WATMOS)	11	0	0
Wednesbury Education Action Zone	5	3	0
West Bromwich Afro-Caribbean Resource Centre	1	0	0
West Midlands County Council	0	551	622
West Midlands Local Government Association	51	8	7
Department for Constitutional Affairs	533	337	263
MLA West Midlands	19	5	4
West Midlands Residuary Body	0	9	39
Whitefriars Housing Group	335	64	32
Wildside Activity Centre	3	0	0
Wolverhampton City Council	8410	3856	4998
Wolverhampton College	369	235	97
Wolverhampton Community Safety Partnership	17	3	0
Wolverhampton Grammar School	3	2	3
Wolverhampton Childcare Agency Limited	19	2	0
Wolverhampton Network Consortium	9	1	0
Wolverhampton Voluntary Sector Council	9	3	1
<b>Totals</b>	<b>98992</b>	<b>47596</b>	<b>54221</b>



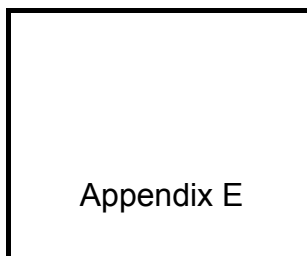
### Summary of assets

Based on the information supplied, the market value of the assets of the Fund (including AVCs) at the valuation date is £4,751,406,000. The distribution of assets is as follows:-



Additional Voluntary Contributions (AVC) investments have been included above but are excluded for the purposes of the valuation calculations. The market value of the assets of the Fund excluding AVCs at the valuation date is £4,738,768,000.

At the 2001 valuation, the market value of the Fund (including AVCs) was £4,951,526,000. Therefore, the market value of the assets of the Fund has fallen by 4.0 per cent over the three year period.



## Summary of income and expenditure

INCOME	Year ending 31 March			Total £000s
	2002 £000s	2003 £000s	2004 £000s	
Fund at beginning of year	4,951,526	4,866,445	3,805,233	4,951,526
Contributions to Fund:				
Employees	71,933	76,853	82,449	231,235
Employers	162,202	172,138	182,510	516,850
Transfer Values received	19,129	40,307	39,774	99,210
Investment income	128,293	123,609	137,155	389,057
Realised Gains	128,027	91,971	57,420	277,418
Change in market value of investments	(368,802)	(1,316,294)	699,695	(985,401)
<b>TOTAL:</b>	<b>5,092,308</b>	<b>4,055,029</b>	<b>5,004,236</b>	<b>5,479,895</b>

EXPENDITURE	Year ending 31 March			Total £000s
	2002 £000s	2003 £000s	2004 £000s	
Retirement and Spouses' Benefits	183,002	190,984	198,289	572,275
Retiring allowances and death gratuities	33,440	32,936	33,095	99,471
Benefits Recharged to Employer	(14,796)	(14,815)	(15,164)	(44,775)
Withdrawals	1,142	1,380	1,554	4,076
Transfer Values paid	15,114	32,218	27,233	74,565
Investment Expenses	4,026	3,282	4,041	11,349
Administration Expenses	3,649	3,522	3,555	10,726
Other Expenses	286	289	227	802
Fund at end of year	4,866,445	3,805,233	4,751,406	4,751,406
<b>TOTAL:</b>	<b>5,092,308</b>	<b>4,055,029</b>	<b>5,004,236</b>	<b>5,479,895</b>

The above summary includes AVCs

Appendix F

**Experience Analysis of the Membership of the Fund based  
on the period 1 April 2001 to 31 March 2004**

The analysis below compares the actual experience over the 3 year period with the assumptions used for the 2004 valuation.

**1. Ill Health Retirements**

	<b>Actual</b>	<b>Expected</b>	<b>%</b>
Males	472	449	105
Females	1,048	1,308	80
Total	1,520	1,757	87

**2. Withdrawals**

	<b>Actual</b>	<b>Expected</b>	<b>%</b>
Males	4,755	1,170	406
Females	14,726	5,987	246
Total	19,481	7,157	272

Note that actual withdrawals include members moving to another LGPS Fund, bulk transfers and also transfers under the special transfer club terms.

**3. Pensioner Deaths**

	<b>Actual</b>	<b>Expected</b>	<b>%</b>
Males	2,472	2,000	124
Females	2,763	2,452	113
Total	5,235	4,452	118

Appendix G

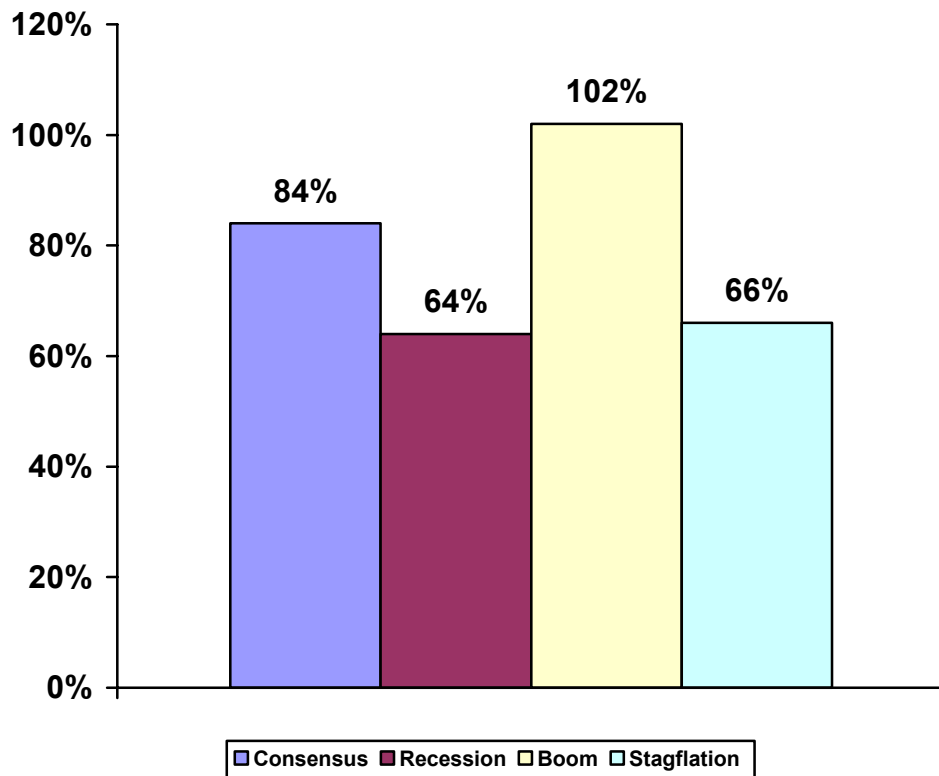
## **Scenario analysis**

1. The ongoing valuation of the Fund has been carried out based on the assumptions set out in Section 3 of this report. The actual outcome is likely to be different from these assumptions, especially in the short term. Scenario analysis, carried out as part of the valuation process, shows the potential impact of a range of possible economic outcomes on the past service funding position and normal contribution over the next three years.
2. The purpose of this process is two-fold:
  - to illustrate the potential variation in the funding level and normal contribution depending on the extent to which experience over the next three years differs from the assumptions; and
  - to highlight the risk (and potential rewards) inherent in the current investment strategy.
3. The results of the analysis are set out below. At this stage the impact of changing investment strategy has not been considered.
4. The scenarios investigated are designed to form a broad spectrum of possible outcomes and are neither equally likely nor intended to represent extremes. The investment assumptions underlying the various scenarios are designed to model possible short-term experience of the Fund over the next few years, as against the long-term valuation assumptions used in the ongoing valuation of the Fund. However, as the experience of the last three years has confirmed, returns on investments – equities in particular – do not always follow the logic implied by economic statistics; rather, the return depends significantly on how investors' views about the future at the end of the period of measurement compare with their corresponding views at the start.

5. Full details of the actuarial assumptions underlying each scenario can be provided, if required. Some of the more extreme scenarios are designed to test the robustness of the investment strategy to critical conditions for the Fund, not because they are all equally likely. In summary, the four scenarios considered are:

- Consensus (moderate growth, low inflation)
- Recession (low growth, low inflation)
- Boom (high growth, moderate inflation)
- Stagflation (low growth, high inflation)

6. The following chart shows the Fund's approximate ongoing funding level after three years under each scenario, assuming employer contribution rates from 1 April 2005 are paid as indicated in the Rates and Adjustments Certificate. This chart assumes that no changes would be made to the key actuarial assumptions underlying the valuation.



7. Changes in funding level will, of course, impact on future contribution requirements to the Fund, subject to any mechanisms which may be adopted to smooth out contribution rate fluctuations.



**Local Government Pension Scheme Regulations 1997  
(as amended)**

**Rates and Adjustments Certificate issued in accordance  
with Regulation 77**

**Regulation 77(3)**

I hereby certify that, in my opinion, the Common Rate of employers' contributions payable in each year of the period of three years beginning 1 April 2005 should be at the rate of 9.9 per cent of Pensionable Pay.

I hereby certify that, in my opinion, the amount of the employers' contribution rate payable in each year of the period of three years beginning with 1 April 2005, as set out above, should be individually adjusted as set out in the attached Schedule.

A further individual adjustment shall be applied in respect of each non-ill health early retirement occurring in the period of the Rates and Adjustments Certificate, except for those bodies for whom an allowance for non-ill health early retirements is shown on the Schedule. This further individual adjustment will be calculated in accordance with methods agreed from time to time between the Fund's actuary and the Administering Authority.

The contributions set out in the attached Schedule represent the minimum contribution which may be paid by each employer. Additional contributions may be paid if requested by the employer concerned.

The contribution rates set out in the Schedule should be reviewed in the event of any changes to the Regulations after the date of this Certificate affecting benefits accruing prior to 31 March 2008.



**Regulation 77(7)**

I have also shown on the attached Schedule for each employer the allowance made for non-ill health early retirements over the period of three years beginning with 1 April 2005 taken into account when setting the employer's contribution rate. I have assumed numbers of early retirements and the average additional liabilities in respect of those early retirements will be such that, over the period of the certificate, the total additional liabilities in respect of each employer will be as set out in the Schedule.

Allowance for ill health retirements has been included in each employer's contribution rate. The additional liabilities anticipated have been assessed using the method and assumptions set out in this report.



**Signature**

**Name:**

C R Hull FIA

**Date of signing:**

18 March 2005

Actuarial Certificate

**Schedule to the Rates and Adjustments Certificate dated 18 March 2005**

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Amount £
<b>Scheduled Bodies</b>							
Birmingham City Council	2.6	12.5	3.4	13.3	4.1	14.0	0
Coventry City Council	2.9	12.8	3.9	13.8	5.0	14.9	2,898,000
Dudley Metropolitan Borough Council	3.0	12.9	3.7	13.6	4.4	14.3	1,380,000
Sandwell Metropolitan Borough Council	4.4	14.3	4.9	14.8	5.4	15.3	0
Solihull Metropolitan Borough Council	3.9	13.8	4.6	14.5	5.4	15.3	987,000
Walsall Metropolitan Borough Council	4.2	14.1	5.3	15.2	6.3	16.2	2,600,000
Wolverhampton City Council	4.9	14.8	5.4	15.3	5.8	15.7	2,541,000
CENTRO	-0.4 + £7,000,000	9.5 + £7,000,000	-0.4 + £7,000,000	9.5 + £7,000,000	-0.4 + £7,000,000	9.5 + £7,000,000	126,000
National Probation Service West Midlands	4.7	14.6	4.7	14.6	4.7	14.6	0
Valuation Tribunal Service	1.9	11.8	4.3	14.2	6.8	16.7	0
Chelmsley Wood Town Council	4.8	14.7	5.2	15.1	5.6	15.5	0
Fordbridge Parish Council	2.3	12.2	2.5	12.4	2.7	12.6	0

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08  Amount £
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	
<b>Scheduled Bodies</b>							
University of Central England	1.6	11.5	1.8	11.7	2.1	12.0	0
Coventry University	1.0	10.9	1.7	11.6	2.5	12.4	0
University of Wolverhampton	1.7	11.6	2.0	11.9	2.2	12.1	0
West Midlands Fire & Civil Defence Authority	3.4	13.3	3.7	13.6	4.0	13.9	0
West Midlands Police Authority	2.1	12.0	2.4	12.3	2.7	12.6	440,000
Birmingham College of Food, Tourism & Creative Studies	2.7	12.6	2.8	12.7	2.9	12.8	0
Bournville College of Further Education	4.4	14.3	4.4	14.3	4.4	14.3	0
South Birmingham College	5.0	14.9	5.0	14.9	5.0	14.9	18,500
Matthew Boulton College	4.1	14.0	4.1	14.0	4.1	14.0	0
Sutton College	4.1	14.0	4.1	14.0	4.1	14.0	0
Henley College	3.1	13.0	3.1	13.0	3.1	13.0	0
Hereward College	2.6	12.5	2.6	12.5	2.6	12.5	0
Dudley College of Technology	2.9	12.8	2.9	12.8	2.9	12.8	0
Halesowen College	2.4	12.3	2.4	12.3	2.4	12.3	0
Stourbridge College	3.7	13.6	3.7	13.6	3.7	13.6	18,500
King Edward VI College	5.6	15.5	5.6	15.5	5.6	15.5	0
Sandwell College	5.6	15.5	5.9	15.8	6.2	16.1	37,000
Solihull College	2.2	12.1	2.2	12.1	2.2	12.1	0
Walsall College of Arts & Technology	5.7	15.6	5.7	15.6	5.7	15.6	112,500
Cadbury Sixth Form College	2.3	12.2	2.3	12.2	2.3	12.2	0
Joseph Chamberlain College	3.9	13.8	4.0	13.9	4.2	14.1	0
Josiah Mason College	2.1	12.0	2.1	12.0	2.1	12.0	0
Solihull Sixth Form College	3.1	13.0	3.1	13.0	3.1	13.0	0

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08  Amount £
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	
<b>Scheduled Bodies</b>							
Bickenhill Parish Council	-3.1	6.8	-2.8	7.1	-2.5	7.4	0
Coventry & Solihull Waste Disposal	8.6	18.5	10.1	20.0	11.6	21.5	0
Smiths Wood Parish Council	-3.0	6.9	-2.8	7.1	-2.5	7.4	0
Department for Constitutional Affairs	tbc	tbc	tbc	tbc	tbc	tbc	0
Wolverhampton College	2.0	11.9	2.1	12.0	2.3	12.2	0
Meriden Parish Council	5.6	15.5	5.6	15.5	5.6	15.5	0
Balsall Parish Council	-0.4	9.5	-0.4	9.5	-0.4	9.5	0
Castle Bromwich Parish Council	-0.8	9.1	-0.6	9.3	-0.5	9.4	0
City College Coventry	4.4	14.3	4.5	14.4	4.6	14.5	18,500

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	
<b>Admitted Bodies</b>							
Age Concern Wolverhampton	1.6	11.5	2.1	12.0	2.5	12.4	0
Focus Housing Association Ltd	4.1	14.0	4.1	14.0	4.1	14.0	0
Newman College	13.2	23.1	15.1 + £1,061	25.0 + £1,061	15.1 + £2,954	25.0 + £2,954	0
Aston University	15.1 + £9,195	25.0 + £9,195	15.1 + £21,220	25.0 + £21,220	15.1 £34,319	25.0 + £34,319	0
University of Warwick	8.8	18.7	15.1 + £820	25.0 + £820	15.1 +£8,792	25.0 + £8,792	0
Black Country Museum Trust Ltd	2.9	12.8	3.5	13.4	4.2	14.1	0
Birmingham Institute for the Deaf	15.1 +£294	25.0 + £294	15.1 +£1,373	25.0 + £1,373	15.1 + £2,550	25.0 + £2,550	0
Coventry Law Centre	-3.8	6.1	-3.2	6.7	-2.6	7.3	0
Age Concern Birmingham	0.8	10.7	2.5	12.4	4.3	14.2	0
Wolverhampton Grammar School	3.4	13.3	5.6	15.5	7.9	17.8	0
Wolverhampton Voluntary Sector Council	-1.8	8.1	-1.2	8.7	-0.5	9.4	0
MLA West Midlands	6.1	16.0	6.1	16.0	6.1	16.0	0
New Park Village Tenant Management Co-op Ltd	-1.1	8.8	-0.9	9.0	-0.6	9.3	0
Marketing Birmingham Ltd	10.4	20.3	10.6	20.5	10.9	20.8	0
Lighthouse Media Centre	0.6	10.5	0.6	10.5	0.6	10.5	0

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Amount £
<b>Admitted Bodies</b>							
Wolverhampton Community Safety Partnership	-0.7	9.2	-0.7	9.2	-0.7	9.2	0
Family Care Trust (Solihull)	6.0	15.9	6.8	16.7	7.7	17.6	0
Springfield Horseshoe Housing Management Co-op	-2.1	7.8	-1.8	8.1	-1.5	8.4	0
Beechdale Community Housing Association Ltd	4.8	14.7	5.3	15.2	5.9	15.8	0
St Columba's Day Care Centre	1.5	11.4	1.9	11.8	2.4	12.3	0
Chris Law's Day Centre for Older People	5.1	15.0	6.1	16.0	7.2	17.1	0
West Bromwich Afro-Caribbean Resource Centre	7.8	17.7	8.4	18.3	9.1	19.0	0
Sandwell Community Caring Trust	5.2	15.1	5.3	15.2	5.5	15.4	0
Palfrey Community Association	0.8	10.7	0.8	10.7	0.8	10.7	0
Heart of England Care	12.1	22.0	15.1 + £520	25.0 + £520	15.1 £3,458	25.0 + £3,458	0
All Saints Haque Centre	5.3	15.2	7.5	17.4	9.7	19.6	0
The Penderels Trust	1.8	11.7	3.0	12.9	4.1	14.0	0
Heath Town Estate Management Board	-1.1	8.9	-0.8	9.1	-0.6	9.4	0
South Warwickshire Tourism Ltd	0.8	10.7	1.5	11.4	2.2	12.1	0
Adoption Support	7.5	17.4	8.5	18.4	9.4	19.3	0
Bushbury Hill Estate Management Board Ltd	2.6	12.5	2.8	12.7	3.0	12.9	0
City College Birmingham	1.9	11.8	1.9	11.8	1.9	11.8	37,000
Brownhills Community Association	4.6	14.5	5.3	15.2	5.9	15.8	0

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Amount £
<b>Admitted Bodies</b>							
Sickle Cell & Thalassaemia Group	-2.9	7.0	-2.9	7.0	-2.9	7.0	0
Coventry Sports Trust Ltd	1.6	11.5	1.8	11.7	2.1	12.0	0
West Midlands Local Government Association	4.8	14.7	4.8	14.7	4.8	14.7	0
Optima Community Association	0.0	9.9	0.5	10.4	0.9	10.8	0
Delves East Estate Management Ltd	4.2	14.1	4.2	14.1	4.2	14.1	0
Life Education Centres West Midlands	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Pool Hayes Community Association	2.7	12.6	2.7	12.6	2.7	12.6	0
Home-Start (Stockland Green)	2.1	12.0	2.1	12.0	2.1	12.0	0
Wildside Activity Centre	-1.3	8.6	-1.2	8.7	-1.0	8.9	0
Whitefriars Housing Group	2.8	12.7	3.4	13.3	4.1	14.0	0
Aquarius Action Project	15.1	25.0	15.1	25.0	15.1	25.0	0
	+£311	+ £311	+£951	+ £951	+ £1,649	+ £1,649	
Manor Farm Community Association	1.9	11.8	2.6	12.5	3.4	13.3	0
Bloomsbury Local Management Organisation Ltd	2.2	12.1	2.3	12.2	2.5	12.4	0
Millennium Point Trust	0.1	10.0	0.1	10.0	0.1	10.0	0
Druids Heath Tenant Management Organisation	2.6	12.5	2.6	12.5	2.6	12.5	0
Galliford (UK) Ltd	7.9	17.8	8.6	18.5	9.4	19.3	0
Mitie Cleaning (Midlands) Ltd	7.4	17.3	9.0	18.9	10.6	20.5	0
Lieutenancy Services (West Midlands) Ltd	7.8	17.7	9.5	19.4	11.2	21.1	0
Home-Start (Northfield)	1.1	11.0	1.1	11.0	1.1	11.0	0

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Amount £
<b>Admitted Bodies</b>							
Technology Innovation Centre	1.0	10.9	1.2	11.1	1.3	11.2	18,500
Birmingham Accord Limited	4.3	14.2	5.1	15.0	6.0	15.9	0
Black Business in Birmingham	5.9	15.8	6.2	16.1	6.5	16.4	0
Serco Limited	4.1	14.0	4.1	14.0	4.1	14.0	0
Target Excel Plc	10.1	20.0	12.1	22.0	14.2	24.1	0
Cleanaway Limited	2.1	12.0	2.3	12.2	2.5	12.4	0
Wolverhampton Childcare Agency Limited	2.1	12.0	2.1	12.0	2.1	12.0	0
Leisure Living Limited	3.9	13.8	4.7	14.6	5.5	15.4	0
Steps to Work (Walsall) Ltd	-3.2	6.7	-3.2	6.7	-3.2	6.7	0
Home-Start (Walsall)	2.3	12.2	2.3	12.2	2.3	12.2	0
Murray Hall Community Trust	0.0	9.9	0.0	9.9	0.0	9.9	0
Black Country Connexions	-0.9	9.0	-0.9	9.0	-0.9	9.0	0
Sandbank Tenant Management Co-op Ltd	3.8	13.7	3.9	13.8	4.1	14.0	0
Burrowes Street Co-op Ltd	4.0	13.9	4.4	14.3	4.9	14.8	0
Central Parking System - UK Ltd	1.4	11.3	2.2	12.1	3.1	13.0	0
C S W Partnership Ltd	2.9	12.8	2.9	12.8	2.9	12.8	0
Target Excel Plc (Magistrates Courts)	3.4	13.3	3.6	13.5	3.9	13.8	0
Bilston & Ettingshall Sure Start	-1.1	8.8	-1.1	8.8	-1.1	8.8	0
Wolverhampton Network Consortium	-2.5	7.4	-2.5	7.4	-2.5	7.4	0
Walsall Housing Group	2.0	11.9	2.0	11.9	2.0	11.9	0



	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Amount £
<b>Admitted Bodies</b>							
C V One Ltd	0.9	10.9	1.2	11.1	1.5	11.4	0
Amey Highways Ltd	3.6	13.5	3.9	13.8	4.3	14.2	0
Accord Operations Limited (Shrewsbury)	5.3	15.2	5.9	15.8	6.6	16.5	0
Accord Operations Limited (Shropshire)	4.6	14.5	4.6	14.5	4.6	14.5	0
Leamore Residents Association Ltd	-0.4	9.5	-0.4	9.5	-0.4	9.5	0
Redcliffe Cater Ltd Bord Green	5.3	15.2	5.5	15.4	5.6	15.5	0
Birmingham & Solihull Learning Exchange	9.8	19.7	9.8	19.7	9.8	19.7	0
Northern Housing Consortium Ltd	2.9	12.8	2.9	12.8	2.9	12.8	0
Accord Operations Limited (Tamworth BC)	1.0	10.9	1.4	11.3	1.8	11.7	0
Walsall Academy	-0.8	9.1	-0.8	9.1	-0.8	9.1	0
Vertex Data Science Ltd	0.1	10.0	0.1	10.0	0.1	10.0	0
Birmingham and Solihull Connexions Service	3.3	13.2	3.3	13.2	3.3	13.2	0
Walsall Alliance Tenant Management Organisation (WATMOS)	-2.4	7.5	-2.4	7.5	-2.4	7.5	0
AWG Facilities Services Ltd	4.1	14.0	5.1	15.0	6.1	16.0	0
Chuckery Tenant Management Organisation Limited	1.0	10.9	1.0	10.9	1.0	10.9	0
Museum British Road Transport (Coventry) Ltd	1.7	11.6	1.7	11.6	1.7	11.6	0
Milbury Community Services	3.5	13.4	3.5	13.4	3.5	13.4	0
Accord Operations Limited (Telford & Wrekin)	8.0	17.9	9.0	18.9	10.1	20.0	0
West Midlands Transport Information Service Ltd	4.3	14.2	4.3	14.2	4.3	14.2	0

	2005/06		2006/07		2007/08		Non-ill health early retirement allowance included for the 3 years 2005/08
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Amount £
<b>Admitted Bodies</b>							
Kite Food Services Ltd	4.0	13.9	4.3	14.2	4.7	14.6	0
Redcliffe Cater Ltd Camp Hill	0.1	10.0	0.6	10.5	1.0	10.9	0
Redcliffe Cater Ltd Aston	7.6	17.5	7.6	17.5	7.6	17.5	0
Sandwell Mental Health Trust	2.7	12.6	2.7	12.6	2.7	12.6	0
Sunderland ARC Ltd	-0.4	9.5	-0.4	9.5	-0.4	9.5	0
Solihull Care Limited	6.8	16.7	8.0	17.9	9.1	19.0	0
Solihull Community Housing	0.3	10.2	0.3	10.2	0.3	10.2	0
Sandwell Leisure Services	-2.8	7.1	-2.8	7.1	-2.8	7.1	0

**Other interested bodies with no pensionable employees**

<b>Former Employers</b>	<b>Proportion of Pension Increases to be Recharged %</b>
West Midlands County Council	0
Cannon Hill Trust Limited, Birmingham	70
Elliot House Probation Hostel, Birmingham	0
Midlands Housing Consortium	100
Selly Oak Nursery School, Birmingham	100
St Basil's Centre, Birmingham	100
St Peter's College, Saltley, Birmingham	100
West Midlands Children's Regional Planning Committee	100
Black Country Museum Development Trust, Dudley	0
TSB Bank plc (ex-Birmingham Municipal Bank)	100
Coventry Voluntary Service Council	100
Moseley & District Community Housing Association Ltd	100
Family Service Units, East Birmingham	0
Three Tuns Neighbourhood Project, Wolverhampton	0
Family Service Units, South Birmingham	0
West Midlands Residuary Body	0
Department of Transport	100
Department of Social Security	100
Severn Trent Water Authority	100
Belgrade Theatre Trust Ltd	0
MSA Mids People Cerebral Palsy	15
W Midlands (West) Valuation Tribunal	0
Walsall Enterprise Agency Ltd	0
Job Change Limited	0
Black Country Development Corporation	0
Birmingham Heartlands Development Corporation	0
West Midlands Examination Board	0
Birmingham International Airport	0
Black Country Careers Service Ltd	0
Metropolitan Authorities Recruitment Agency (METRA)	0
Midland Area Improvement Housing Association Limited	0
Westhill College	0
National Urban Forestry Unit	0
Area Health Authority	100
Asian Welfare Centre	0
Dudley Zoo Development Trust	0
Relate	0
Revenue Management Services	0
Community Justice NTO	0

Actuarial  
Certificate

## Surplus certificate

The certificate is given to the Commissioners of Inland Revenue for the purposes of paragraph 2 of Schedule 22 to the Income and Corporation Taxes Act 1988.

Name of Fund

West Midlands Metropolitan Authorities Pension Fund

Inland Revenue Reference No.

PS49/1897

I hereby certify that:

1. In my opinion as at 31 March 2004 the value of the assets of the Fund did not exceed 105% of the value of the liabilities of the Fund;
2. The assets and liabilities to which paragraph (1) refers have been determined in accordance with principles and requirements prescribed by the Pension Fund Surpluses (Valuation) Regulations 1987.



Signature:

Name:

C R Hull

Date of signing:

18 March 2005

Address:

Mercer Human Resource Consulting Limited  
Mercury Court, Tithebarn Street  
Liverpool, L2 2QH

Qualification:

Fellow of the Institute of Actuaries

# MERCER

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For further information, please contact your local Mercer Human Resource Consulting office or visit our website at:

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