

## **Pensions Audit Sub Committee**

2.00pm, Monday, 19 June 2023

### **Risk & Compliance Update**

#### **Item number 6.5**

#### **1. Recommendations**

---

The Pensions Audit Sub Committee (Committee) is requested to:

- 1.1 note the LPF group's Risk Register and Quarterly Risk Overview, and raise any relevant points arising from the review with the Pensions Committee on 21 June; and
- 1.2 note the ongoing strategy and development around the group's risk management framework.

#### **Kerry Thirkell**

Chief Risk Officer, Lothian Pension Fund

Contact: Kerry Thirkell, Chief Risk Officer, Lothian Pension Fund

E-mail: [lpfgovernancecomms@lpf.org.uk](mailto:lpfgovernancecomms@lpf.org.uk) | Tel: 0333 996 1900

# Risk & Compliance Update

## 2. Executive Summary

---

- 2.1 This paper provides an overview of monitoring and assurance undertaken in LPF since the last meeting, noting any material observations or exceptions.
- 2.2 This paper also provides a summary of the work to enhance current risk management arrangements.

## 3. Risk Management Arrangements

---

- 3.1 The programme of work on the Risk Management Framework ('RMF') is underway. Key developments and updates since the last committee meeting are:
- Risk & Compliance mandate document created
  - LPF risk language/taxonomy developed and agreed
  - LPF risk evaluation methodology simplified
  - All staff RMF update training completed
- 3.2 As noted previously, a key part of the operational plan will be an evaluation of the effectiveness of changes as they are introduced and embedded, through observation, feedback and testing. Willingness and flexibility to adapt, change, modify or remove aspects is critical to the successful implementation and embedding of the new risk management framework and any changes will need business support and engagement. Training and awareness will underpin the programme and ensure that staff understand their role in the framework.
- 3.3 Recruitment has been underway for a new hire in the R&C team with subject matter expertise in investment compliance and front office monitoring and oversight. An offer has been accepted by the preferred candidate with anticipated start date towards the end of the summer.

## 4. Monitoring & Assurance Summary

---

### Themed Reviews

#### Investment Services Review

- 4.1 As reported previously, the themed review on Investment Services raised several observations around the following themes:

- Governance & Conflicts
- Client Management (and presentation of 'advice')
- Documentation & Record-keeping
- Risk Management Framework
- Middle Office
- Supplier Management

4.2 Subsequently the Investment Governance Improvement Plan ('IGIP') has since been established to remediate the gaps and weaknesses identified from the review. This project is expected to run for approximately 9 months, and draws on the expertise from the same external consultants as the original review, to facilitate delivery of agreed enhancements. Notwithstanding the effort provided by the external consultants, proper and appropriate engagement with LPF resources is critical to the success of this project.

### **Financial Crime Review**

4.3 This review looked at the adequacy and effectiveness of arrangements to manage the risks of financial crime across the LPF group. Specifically with regard to LPFI, the review helped facilitate the production of the annual MLRO report to the LPFI Board, which is a FCA requirement. It concluded that LPFI is compliant with money laundering regulations and FCA rules, with some enhancements to meet best practice – such as a more detailed money laundering risk assessment, and more frequent sanctions screening.

4.4 LPF group activities require a number of enhancements to meet best practice, such as a business wide risk assessment of the LPF activities which may be used to launder money or provide resources to sanctions targets – such as property or private market investments.

4.5 Group wide observations were categorised into six findings, and will be addressed as part of LPF's issues management process:

- limited financial crime or AML risk assessments (now completed)
- inconsistent documentation of procedures
- inconsistent issue or completion of mandatory training
- record keeping on the regulated status of private market fund managers
- reliance on third parties carrying out due diligence to be reviewed and clarified
- lack of robust or repeatable procedures on sanctions and asset freezes

### **BDO Compliance Monitoring Programme (CMP)**

4.6 All testing scheduled for the period 1 January to 31 March 2023 has been completed. A total of 6 new issues were identified and recorded, and are noted below.

## Findings & Recommendations

4.7 The following enhancements were recommended by BDO:

- improve documentation of internal controls and records for client mandates
- improve record keeping and procedures on use of insider lists
- ensure LPFI organisational chart is accurate and up-to-date
- ensure intra-group services between LPF, LPFI, and LPFE are documented in appropriate detail
- ensure regulatory disclaimers are contained in emails to clients
- produce MLRO report as soon as possible

### Non-FCA Compliance Monitoring Programme ('CMP')

4.8 20 tests were undertaken, with 18 of these assessed as 'fully compliant'. The remaining 2 tests were not fully compliant primarily due to documentation not being up to date, rather than any operational failures.

### Internal Audit

4.9 Since the last meeting, CEC Internal Audit reviews have completed on Third Party Supplier Management and Information Governance. Whilst neither LPFI or LPFE have a formal dedicated third line of defence, the scope of these reviews was sufficiently broad to ensure applicability across the group, acknowledging the common systems and controls that sit across the LPF group. The audit regarding the Adequacy of Technology Security Assurance Arrangements has been delayed until Q3 2023 due to the unforeseen resourcing challenges within the LPF IT team during Q4 2022 and Q1 2023. This has been agreed with CEC Internal Audit to allow the various initiatives and activities already acknowledged and in train, to complete.

4.9.1 **Third Party Supplier Management** - The objective of this review was to assess LPF's current third party supplier management arrangements against industry good practices. The review recognised that LPF's supplier management framework has only recently been implemented, and acknowledged that such frameworks take time to embed. Nevertheless, areas identified to strengthen and improve are:

- Consistency of supplier management processes for critical suppliers
- Contract exit planning
- Supplier management framework to cover end-to-end third party lifecycle
- Supplier onboarding processes to be clearer and centralised
- Training and awareness for supplier management
- Ongoing monitoring and oversight, with clear responsibility for oversight

4.9.2 **Information Governance** - The purpose of this review was to assess the adequacy of design effectiveness of the key controls over data strategy and information governance, many of which were newly implemented or refreshed following the transfer to LPF's new IT provider, Cased Dimensions, in 2021. Six findings were noted to further enhance the information governance framework:

Clear plan to implement remaining policy, standards and procedures

- Data access management
- Use data classifications in accordance with GDPR guidelines
- Establish information governance oversight and governance structure  
Compliance monitoring of information governance matters
- Various registers to be co-ordinated and aligned – including Information
- Asset Register, Records Retention, and systems and suppliers lists

4.10 As reported in February, we have agreed with CEC Internal Audit a programme of reviews to be undertaken in 2023/24 that is also relevant to LPFI and LPFE. The proposal was approved by the Pension Committee when they met in March and the programme is now underway, having agreed provisional timings with CEC Internal Audit:

#### **People Processes**

4.11 (May – July): to provide assurance on the people processes supporting the employee lifecycle (terms of reference expected to be agreed shortly)

#### **Business Continuity & Incident Response**

4.12 (Aug – Oct): review of the adequacy and operating effectiveness of key controls and processes established to provide assurance that LPF maintains business continuity plans to ensure they maintain services during an emergency or extended incident

#### **Senior Managers & Certification Regime**

4.13 (Aug – Oct): to provide assurance of compliance with the key elements and prescribed responsibilities of the FCA SM&CR

#### **Information Security Arrangements**

4.14 (renamed Adequacy of Technology Security Assurance Arrangements) (Sep – Dec): review the design of the suite of IT policies, standards and procedures that have been developed during 2022 to prevent, respond and manage information security across LPF, as well as ensuring they are aligned to the IT strategy due to be formalised during 2023

## Project Forth

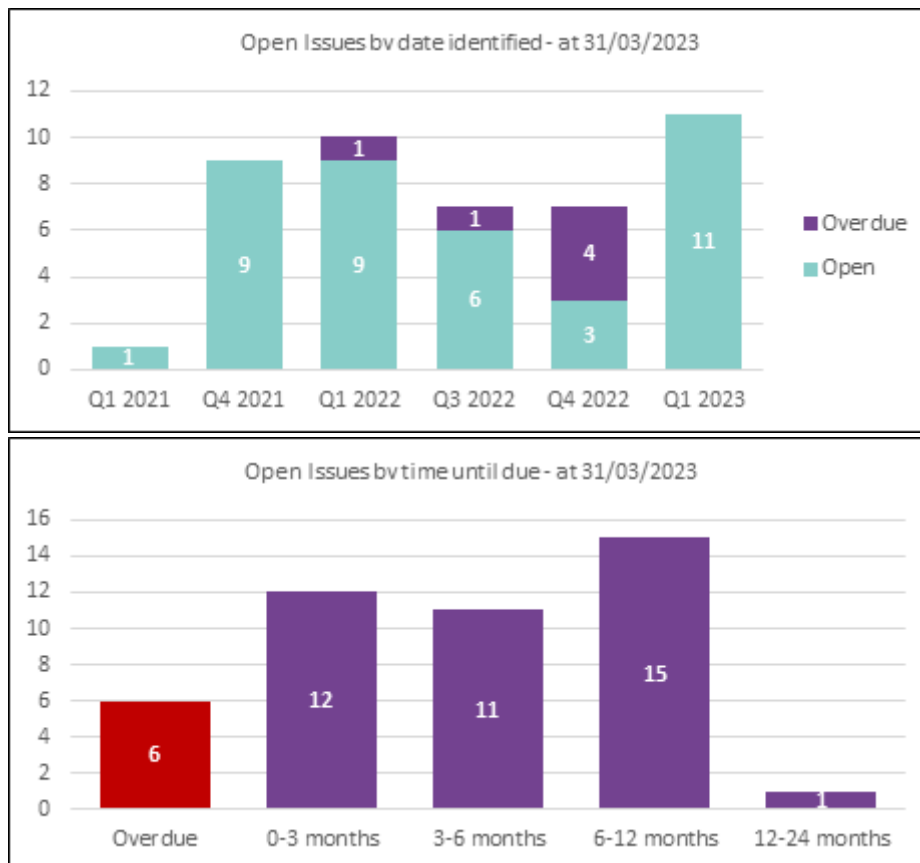
- 4.15 (TBC): audit to be decided. Suggested areas include project delivery or associated elements such as resulting Transfer of Undertakings - Protection of Employment (TUPE) or asset transfer.

## Issues & Incidents

- 4.16 Improvements continue to be made to the processes, governance and reporting regarding LPF Issues and incidents. A summary status of issues and incidents from Q1 2023 is noted below.

## Issues

- 4.17 During Q1, 15 issues were closed and 12 new issues were raised. These issues comprise findings from internal audit and 2LoD (including BDO CMP) monitoring and assurance work, as well as any other self-identified items, and the 12 added in the period, include 6 issues arising from the Third Party Supplier Management internal audit.



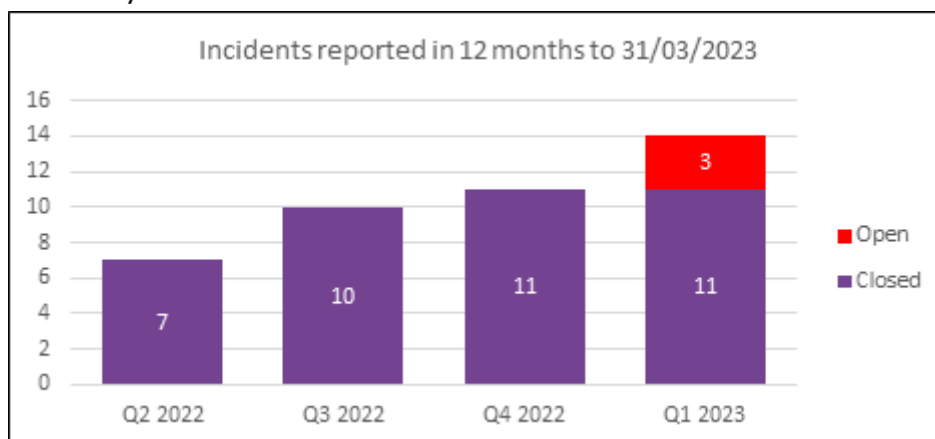
- 4.18 Since end Q1, a further 17 issues have been added, predominantly from the Investment Services Review, the Financial Crime Review, and the internal audit on Information Governance. At the time of writing, there are currently 57 open issues, 3 of which are overdue. 10 issues have a due date by the end of June 2023 and the



Risk & Compliance team continue to actively engage with issue stakeholders to ensure agreed actions are being taken.

### Incidents

- 4.19 Fourteen incidents were raised during Q1 2023, three of which were classified as non-reportable data breaches. None were classified as FCA regulatory breaches. Required actions to remediate eleven of these incidents were completed during Q1, and the incidents subsequently closed. Three remain open while actions are underway.



- 4.20 Following the end of Q1, 10 further incidents have been raised.
- 4.21 The quality of information being recorded continues to be enhanced making analysis of any themes or trends more effective. Insufficient or unclear processes within the Charles River system has been observed to cause or contribute to several incidents – including manual workaround when trade authorisation rules did not function as expected; a late major shareholding notification for LPF; and an unexpected early trade settlement leading to an overdrawn account charge for LPFI clients. The work included in the IGIP project as well as the new R&C hire are both expected to introduce improvements to the use and functionality of Charles River.
- 4.22 Further information on issues and incidents is available on request.

### FCA Regulatory Compliance – ICARA

- 4.23 LPFI is required to hold adequate financial resources (also referred to as regulatory capital or capital adequacy) and to establish systems and controls to manage potential harms. The FCA rules on this were previously known as the Internal Capital Adequacy Assessment Process (ICAAP), and in 2022 were replaced under the Investment Firms Prudential Regime (IFPR) by the Internal Capital Adequacy and Risk Assessment (ICARA). These systems and controls must include a process to assess and allocate additional capital where a residual, material risk remains.
- 4.24 Following LPFI's successful application to the FCA during 2022 to remove the private restriction on assets under management (AuM), at £1.25billion, there has been a

steady increase in AuM. When the value of AuM exceeds this figure some additional regulatory reporting and methodology is triggered and is required to be undertaken due to LPFI's FCA category within the ICARA framework changing from a Small and Non-Interconnected firm (SNI) to a 'non-SNI' firm.

- 4.25 The increase in AuM for LPFI is expected to cross the FCA SNI/non-SNI reporting threshold in June. Whilst the Finance team have been undertaking some capital modelling on the anticipated AuM, BDO were engaged to provide an analysis of the FCA IFPR requirements for LPFI's transition from SNI to non-SNI. This analysis has been reviewed and a series of actions and timeline identified, with relevant stakeholders aware of any required changes to processes and reporting.

## **5. Financial impact**

---

- 5.1 There are no direct financial implications as a result of this report.

## **6. Stakeholder/Regulatory Impact**

---

- 6.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the fund and they are invited to comment on the relevant matters at Committee meetings.
- 6.2 Except as otherwise stated in the report itself, there are no adverse health and safety, governance, compliance or regulatory implications as a result of this report.

## **7. Background reading/external references**

---

- 7.1 None.

## **8. Appendices**

---

Appendix 1 – Quarterly Risk Summary as at 2 May 2023

Appendix 2 – Government Actuary Department Scottish LGPS Section 13 report as at 21 March 2020





## **Quarterly Risk Overview**

## Executive Summary

---

This document provides a summary of the assessment of the LPF group's risks as agreed by the Risk Management Group (RMG) on 02 May 2023. The RMG reviews the LPF group risk register on at least a quarterly basis.

### Risk Register as at 02 May 2023

Total risks	High	Moderate	Low
39	1	11	27

See Appendix 2 for full list of risks.

### Changes since risk register 07 Feb 2023:

New	Closed	Improved	Deteriorated	Unchanged
0	0	2	1	36

Summary of changes:







- New – no new risks added.
- Closed – no risks removed.
- Improved – **Project and Change & Pension Payments** risk scores improved.
- Deteriorated – **Supplier and third-party systems** risk score worsened from Low to Moderate.

Further detail is provided on the following pages.

## Risk Scoring Changes

No new risks added to, or existing risks removed from register.

Score changes to existing risks since last RMG meeting on 07 Feb 2023:

Risk	Score	Movement	Update
<b>35. Supplier and third-party systems</b> Inadequate, or failure of, supplier and other third-party systems (including IT and Data security).	 30	 Deteriorated	Score deteriorated from 25 to 30, to reflect recommendations in supplier management audit.  Internal audit of supplier management was completed in March 2023, with conclusion that significant improvement to the effectiveness of LPF's processes is needed to ensure sufficient governance and oversight. An action plan has been agreed to address findings and score will remain elevated while these actions are underway.
<b>15. Late payment of pension</b> Failure to pay pensions as they fall due including as a result of administration failure	 21	 Improved	Score improved from 21 to 14.  Contingency payment process improved as part of business continuity improvements / testing.
<b>38. Project and change activities</b> Risk that project and change activities are not effectively managed, leading to delays or failure to deliver, change fatigue, negative impact on daily operations	 24	 Improved	Score improved from 32 to 24, moderate to low, following pause of Project Forth.  Probability remains higher due to number of other project and change activities. Current mitigating actions are: project & change control process being introduced in 2023.

## Appendix 1 – Risk Scoring & Distribution Chart

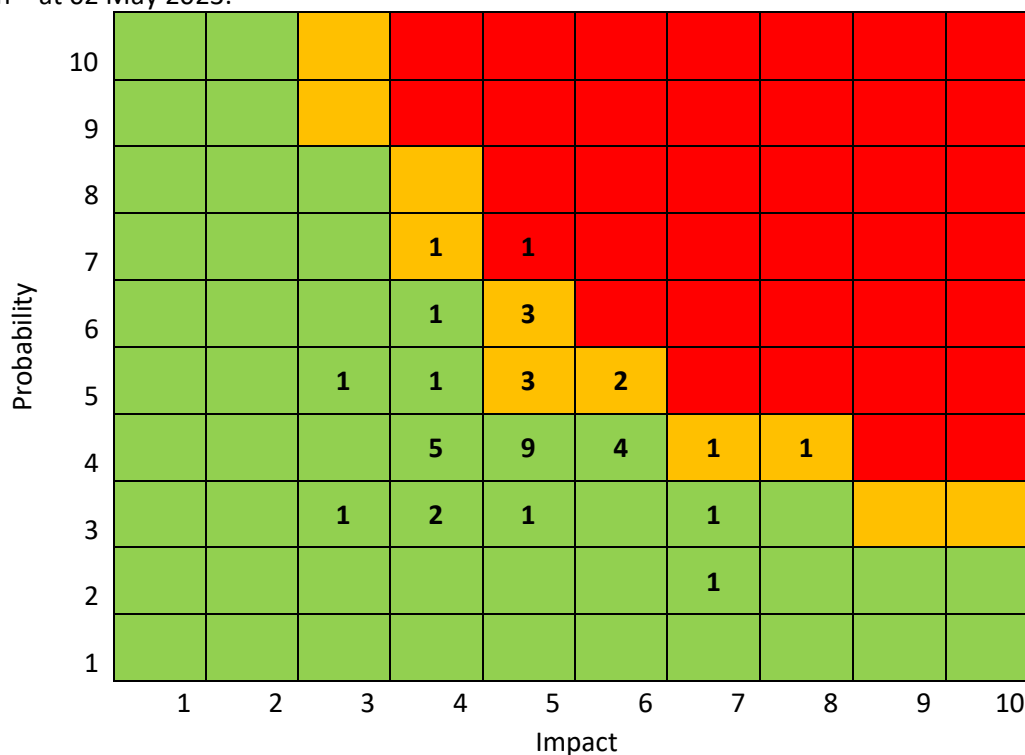
Risk scoring:

	Impact	Probability
1	No discernible effect	Virtually impossible
2	Little discernible effect	Extremely unlikely
3	Some effect noticeable	Remotely possible
4	Some effect on service provision	May occur
5	Noticeable effect on service provision	Fairly likely to occur
6	Some disruption of service	More likely to occur than not
7	Significant service disruption	Likely to happen
8	Material disruption to services	Probably will happen
9	Major service disruption	Almost certainly will happen
10	Catastrophic	Already happening

RAG (Red Amber Green) status:

Risk Status	
	High: resolve urgently where possible (probability and impact total 35 and above)
	Moderate: resolve where possible (probability and impact total 25 to 34)
	Low: monitor (probability and impact total 24 and below)

Risk Distribution – at 02 May 2023:



## Appendix 2 – Risk Register

One page overview of risk register & RAG status at 02 May 2023.

Code	Risk name	RAG & Score
1	Investment Performance	Yellow
2	Adverse Movement - pressure on employer contributions	Yellow
3	Failure of an employer to pay contributions	Yellow
4	Recruitment & retention	Yellow
5	Fraud by LPF staff or relating to members	Green
6	Staff competence	Green
7	IT systems	Green
8	Culture & engagement	Green
9	Pension Committee decisions	Green
10	Pension Board effectiveness	Green
11	Business continuity	Green
12	Data protection	Green
13	Responsible Investment	Green
14	Incorrect pension payments	Green
15	Late payment of pension	Green
16	Market abuse	Green
17	Investment operations	Green
18	Disclosure of confidential information	Green
19	Material breach of contract	Green
20	Regulatory breach	Red
21	Information Rights	Green
22	Member communications	Green
23	Acting beyond proper authority/delegations	Yellow
24	Inappropriate use of pension fund monies	Green
25	Procurement/framework breach	Yellow
26	Procurement process	Green
27	Group structure and governance	Yellow
28	Claim or liability arising from shared services	Green
29	Employer systems access	Green
30	Incorrect member data	Green
31	Inadequate contractual protection	Green
32	Over reliance on single core service provider	Green
33	Staff Resource	Yellow
34	Health and safety	Green
35	Supplier and third-party systems	Yellow
36	Cybersecurity	Yellow
37	Climate change	Green
38	Project and change activities	Green
39	Key Person	Yellow

## Appendix 3 – Three-year risk trends

Ref	Risk name	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
1	Investment Performance	●	●	●	●	●	●	●	●	●	●	●	●
2	Adverse Movement - pressure on employer contributions	●	●	●	●	●	●	●	●	●	●	●	●
3	Failure of an employer to pay contributions	●	●	●	●	●	●	●	●	●	●	●	●
4	Recruitment & retention	●	●	●	●	●	●	●	●	●	●	●	●
5	Fraud by LPF staff or relating to members	●	●	●	●	●	●	●	●	●	●	●	●
6	Staff competence	●	●	●	●	●	●	●	●	●	●	●	●
7	IT systems	●	●	●	●	●	●	●	●	●	●	●	●
8	Culture & engagement	●	●	●	●	●	●	●	●	●	●	●	●
9	Pension Committee decisions	●	●	●	●	●	●	●	●	●	●	●	●
10	Pension Board effectiveness	●	●	●	●	●	●	●	●	●	●	●	●
11	Business continuity	●	●	●	●	●	●	●	●	●	●	●	●
12	Data protection	●	●	●	●	●	●	●	●	●	●	●	●
13	Responsible Investment	●	●	●	●	●	●	●	●	●	●	●	●
14	Incorrect pension payments	●	●	●	●	●	●	●	●	●	●	●	●
15	Late payment of pension	●	●	●	●	●	●	●	●	●	●	●	●
16	Market abuse	●	●	●	●	●	●	●	●	●	●	●	●
17	Investment operations	●	●	●	●	●	●	●	●	●	●	●	●
18	Disclosure of confidential information	●	●	●	●	●	●	●	●	●	●	●	●
19	Material breach of contract	●	●	●	●	●	●	●	●	●	●	●	●
20	Regulatory breach	●	●	●	●	●	●	●	●	●	●	●	●
21	Information Rights	●	●	●	●	●	●	●	●	●	●	●	●
22	Member communications	●	●	●	●	●	●	●	●	●	●	●	●
23	Acting beyond proper authority/delegations	●	●	●	●	●	●	●	●	●	●	●	●
24	Inappropriate use of pension fund monies	●	●	●	●	●	●	●	●	●	●	●	●
25	Procurement/framework breach	●	●	●	●	●	●	●	●	●	●	●	●
26	Procurement process	●	●	●	●	●	●	●	●	●	●	●	●
27	Group structure and governance	●	●	●	●	●	●	●	●	●	●	●	●
28	Claim or liability arising from shared services	●	●	●	●	●	●	●	●	●	●	●	●
29	Employer systems access	●	●	●	●	●	●	●	●	●	●	●	●
30	Incorrect member data	●	●	●	●	●	●	●	●	●	●	●	●
31	Inadequate contractual protection	●	●	●	●	●	●	●	●	●	●	●	●
32	Over reliance on single core service provider	●	●	●	●	●	●	●	●	●	●	●	●
33	Staff Resource	●	●	●	●	●	●	●	●	●	●	●	●
34	Health and safety	●	●	●	●	●	●	●	●	●	●	●	●
35	Supplier and third-party systems	●	●	●	●	●	●	●	●	●	●	●	●
36	Cybersecurity	●	●	●	●	●	●	●	●	●	●	●	●
37	Climate change	●	●	●	●	●	●	●	●	●	●	●	●
38	Project and change activities	●	●	●	●	●	●	●	●	●	●	●	●
	Power outages	●	●	●	●	●	●	●	●	●	●	●	●
39	Key Person	●	●	●	●	●	●	●	●	●	●	●	●



### **DRAFT FOR INCLUSION IN REPORT TO PENSIONS COMMITTEE, JUNE 2023 – COMPLIANCE and RISK UPDATE:**

#### **GAD's Scottish LGPS Section 13 report as at 31 March 2020**

The Public Service Pensions Act 2013, Section 13, placed a requirement was on Scottish Ministers to carry out an independent review of every LGPS local valuation to ensure compliance with four criteria:

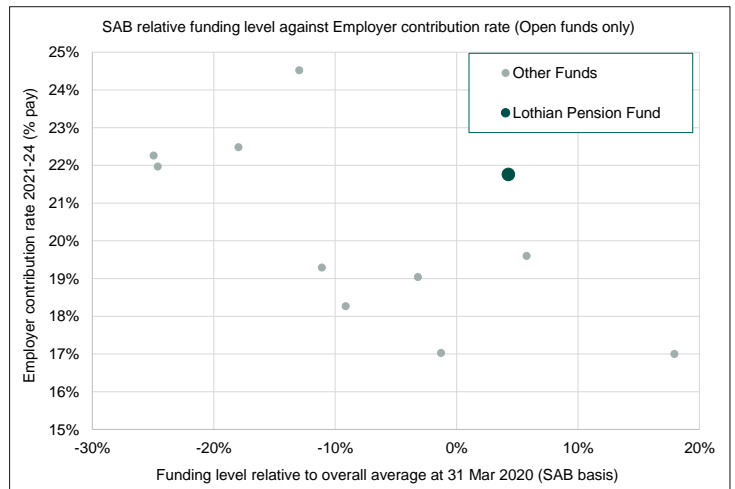
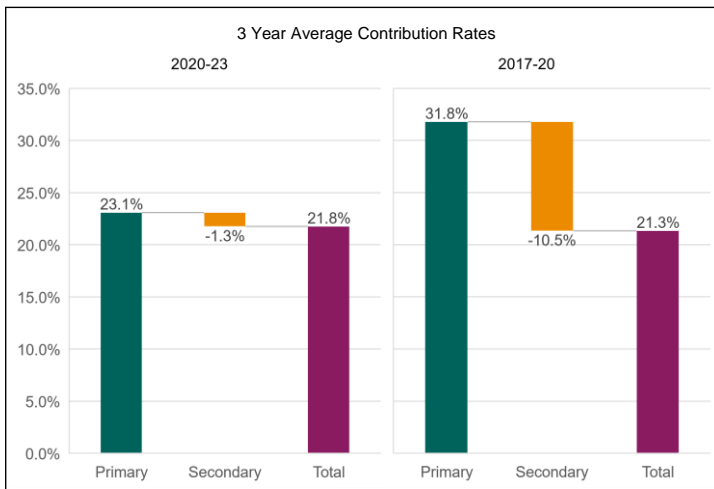
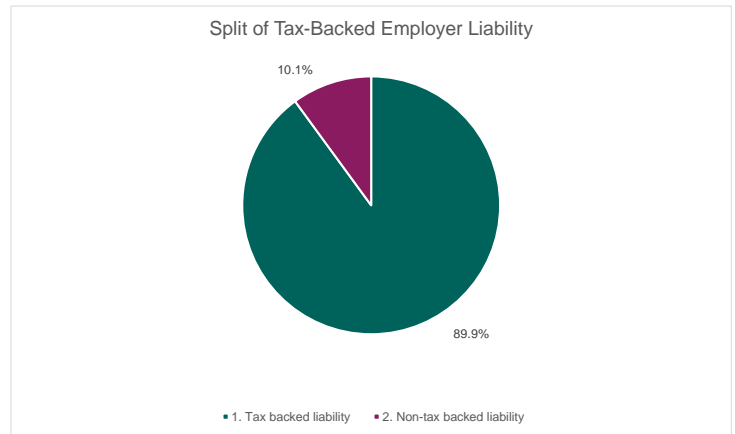
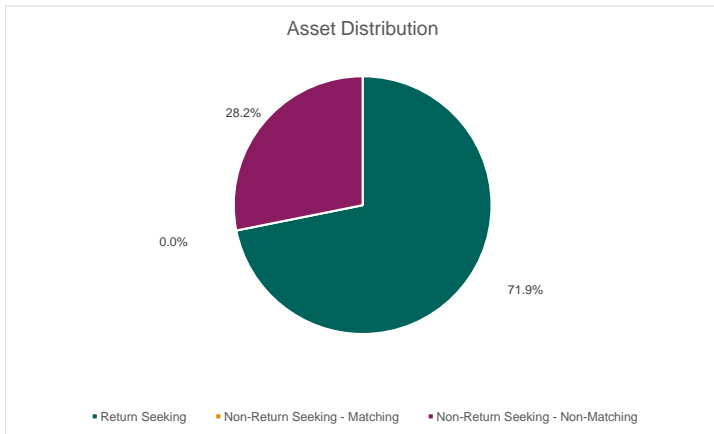
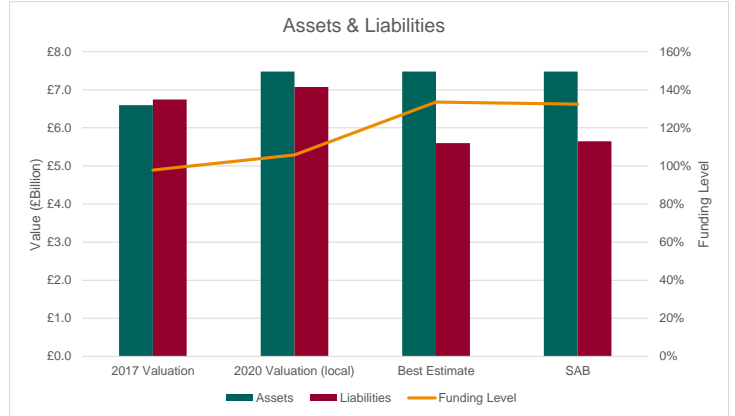
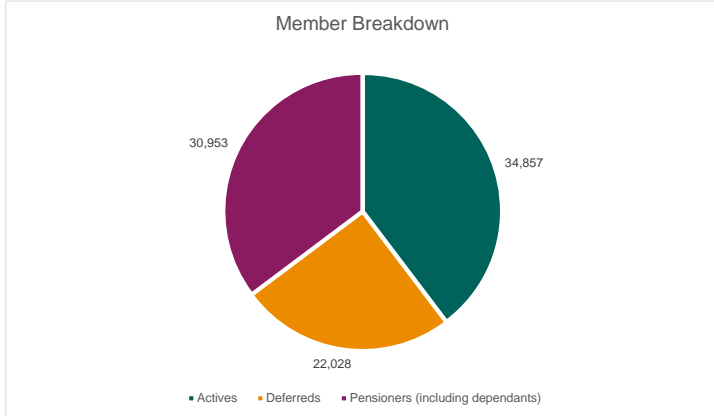
- **Compliance** with the Regulations
- A valuation that is not **inconsistent** with others
- A funding plan that ensures **solvency** of the fund
- A **long-term cost-efficient** funding plan

The Government Actuary's Department (GAD) has completed and published its Section 13 report on the 2020 actuarial valuations for the LGPS in Scotland. Importantly, neither Lothian Pension Fund, nor Scottish Homes Pension Fund, has received any amber or red flags. The GAD Section 13 report and its related appendices are included at Appendix 1 [tbc], together with, at Appendix 2, the detailed dashboard analysis for solvency and long-term cost efficiency analysis, specific to Lothian Pension Fund.

Appendices:

1. [Local Government Pension Scheme \(Scotland\) Section 13 report as at 31 March 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/864212/Local-Government-Pension-Scheme-Scotland-Section-13-report-as-at-31-March-2020.pdf)
2. GAD's solvency and long-term cost efficiency analysis for Lothian Pension Fund, Section 13 report as at 31 March 2020.

**Lothian Pension Fund**





## Lothian Pension Fund

### Solvency Breakdown

#### Asset Shock

Assets are divided into the following classes:

Return seeking - Equity, Property, Infrastructure debt & other return seeking assets

Non-return seeking - All other assets

Return seeking assets are stressed by reducing them by 15%

New deficit

= (Pre-stress asset value - Post-stress asset value)

This deficit is then spread over 20 years of annual payments, and compared to the fund's pensionable payroll

	£m
Pre-stress asset value	£7,479.1
Return seeking assets	£5,373.7
Non-return seeking assets	£2,105.4
Post-stress asset value	£6,673.1
Return seeking	£4,567.7
Non-return seeking	£2,105.4
Reduction in asset value	£806.1
Equates to an annual amount (spread over 20 years)	£43.7
Total pensionable payroll	£788.5
Reduction to surplus as a percentage of pensionable payroll	5.5%
Deficit percentage of pensionable payroll (allowing for post-asset shock surplus)	Surplus

#### Employer Default Shock

Determine funding level on GAD's best estimate basis

If the fund is in deficit, non-tax backed deficits are allocated to tax-backed

The non-tax backed deficit is spread over 20 years and compared to the fund's pensionable payroll

	£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 132.4%

### Long Term Cost Efficiency

#### Deficit Recovery Period

Implied deficit recovery period calculated on a standardised market consistent basis

Recovery period (years)	Surplus
Ranking of fund (out of 11 open funds)	Not Applicable

#### Required Return

Required investment return rates to achieve full funding in 20 years' time on the standardised market consistent basis

Required return under best estimate basis	2.3%
Ranking of fund (out of 11 open funds)	1

#### Surplus Retention

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

Actual contribution rate paid less SCR on best estimate basis (allowing for surplus)	4.5%
--	------

#### Return Scope

Required investment return rates as calculated in required return, compared with the fund's expected best estimate future returns assuming current asset mix maintained

Expected return	4.2%
Required return	2.3%
Difference	1.9%
Ranking of fund (out of 11 open funds)	9

#### Deficit Recovery Plan

Consideration of how the deficit recovery plan has changed compared to 2017 valuation

Valuation	2017	2020
Deficit Recovery End Point	2037	Surplus
2018-21 Average Contribution Rate		21.3%
2021-24 Average Contribution Rate		21.8%
Increase in contributions		
Difference in Average Contribution Rate between 2018-21 and 2021-24		0.4%
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

**Lothian 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)	105.8%
Funding level (change since previous valuation)	7.9%
Asset value used at valuation	£7,479,118,788
Value of liabilities	£7,071,426,818
Surplus (deficit)	£407,691,971
Discount rate(s)	3.0%
Assumed pension increases (CPI)	2.0%
Method of derivation of discount rate, plus any changes from last valuation	There is a 75% likelihood that the Fund's investments will return at least 3.0% 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	20.5 years
Average life expectancy for current pensioners - women currently age 65	23.3 years
Average life expectancy for future pensioners - men currently age 45	22.0 years
Average life expectancy for future pensioners - women currently age 45	25.2 years

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

Market value of assets	£7,479,118,788
Value of liabilities	£5,647,440,430
Funding Level on SAB basis (assets/liabilities)	132%
Funding level on SAB basis (change since last valuation)	n/a

**Contribution rates payable**

Primary contribution rate:	23.1%		
Secondary contribution rate (cash amounts each year in line with CIPFA guidance):			
Secondary contributions 2021/22	-£11,262,000		
Secondary contributions 2022/23	-£11,378,000		
Secondary contributions 2023/24	-£11,530,000		
Giving total expected contributions:			
Total expected contributions 2021/22 (£ figure based on assumed payroll)	£179,980,296	Based on assumed payroll of	£827,888,729
Total expected contributions 2022/23 (£ figure based on assumed payroll)	£184,577,231	Based on assumed payroll of	£848,291,045
Total expected contributions 2023/24 (£ figure based on assumed payroll)	£189,254,311	Based on assumed payroll of	£869,196,152
Average employee contribution rate (% of pay)	6.2%		
Employee contribution rate (£ figure based on assumed payroll)	£51,329,101	Based on assumed payroll of	£827,888,729

**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.	10.1%

