

# IAS19 as at 31 March 2024 - Results Schedule

**Pool** : Cheshire East Council

**Local Government Pension Scheme Fund** : Cheshire Pension Fund

**Terms of Engagement Signed** : 5 April 2024

**Date report prepared** : 20 May 2024

## Summary information from this schedule:

### (a) Balance sheet

	31 March 2024	31 March 2023
	£(000)	£(000)
Assets	1,663,634	1,577,218
Obligations	1,383,756	1,381,129
<b>Net asset / (liability)</b>	<b>279,878</b>	<b>196,089</b>

Please contact us to request asset ceiling calculations if required. Your assets are greater than your funded obligations (an accounting surplus) and the Accounting Standard restricts the amount of surplus that can be disclosed (i.e. the asset ceiling). This Results Schedule shows the gross accounting position before any asset ceiling adjustments are applied. Further details on this topic are set out in the accompanying Accounting Covering Report.

### (b) Profit & Loss account for the period ending 31 March 2024

	£(000)
Service cost	
Current Service Cost	(29,072)
Past Service Cost (including curtailments)	(3)
Effect of settlements	244
<b>Total Service Cost</b>	<b>(28,831)</b>

	£(000)
<b>Total net interest</b>	<b>9,488</b>
<b>Total defined benefit cost recognised in Profit or (loss)</b>	<b>(19,343)</b>



Peter MacRae FFA

For and on behalf of Hymans Robertson LLP

(c) Key elements

Has the employer instructed bespoke assumptions?	No
Bulk transfer(s) included?	Yes - Please see 'Appendix' for list of included employers.
Unfunded Pensioner(s) included?	No

To help with your year-end reporting, you may wish to discuss your results with an actuary or arrange a call for your auditor to help answer their queries on your 2024 accounts. To arrange this or to request any additional services or further calculations (eg related to asset ceilings), please contact us on [LGPSCentralAccountingTeam@hymans.co.uk](mailto:LGPSCentralAccountingTeam@hymans.co.uk)

(d) General Information for auditor and Employer

**The results in the Schedule report should be read in conjunction with the accompanying report entitled 'Actuarial Valuation as at 31 March 2024 for Accounting Purposes'. The method, assumptions, reliances and limitations are described in that document. The restrictions set out in the reports on the disclosure to any third party apply equally to this Results Schedule.**

If there are any queries on the approach taken to derive the figures in the Results Schedule please first consider the accompanying report as it will often answer these. In particular, see the sections on recent court cases (such as the Lloyds' judgement on GMP, McCloud, Goodwin etc) and other key topics which will detail the approach taken to allow for these issues or otherwise.

Contents in the remainder of this schedule:

- 1. Data (including early retirements, investment returns, asset split & unfunded pensions)
- 2. Assumptions
- 3. Balance sheet, P&L, OCI disclosures as at 31 March 2024 (and prior year if relevant)
- 4. Projected defined benefit cost for the period to 31 March 2025
- 5. Sensitivity analysis

## Section 1 - Data

### Employer membership statistics

	Number of Records	Total Salaries/ Pensions p.a. (£000)	Average Age
	31 Mar 2022	31 Mar 2022	31 Mar 2022
Actives	5,458	114,055	52
Deferred Pensioners	10,338	12,979	52
Pensioners	8,996	47,088	70

The membership data summarised in the table above is as at the most recent funding valuation date of 31 March 2022. Salaries are actual, not full-time equivalent. Deferred pensioners include undecided leavers and frozen refunds. Pensioners include dependants.

### Payroll

Period	Assumed Total Pensionable Payroll based on Information Provided
1 April 2023 to 31 March 2024	£140,447,000

### LGPS early retirements

New Early Retirements 1 April 2023 to 31 March 2024	Number	Total Pension Accrued (£)	Total Pension Actual (£)
Redundancy	1	774	774
Efficiency	-	-	-
Other	-	-	-

### Teachers' early retirements

New Early Retirements 1 April 2023 to 31 March 2024	Number	Recharged Accrued Pension (£)	Total Actual Recharged Pension (£)
Redundancy	-	-	-
Efficiency	-	-	-
Other	-	-	-

### Investment returns

The return on the Fund in market value terms for the period to 31 March 2024 is estimated based on actual employer returns as reported in HEAT and index returns where necessary. Index returns, where used, are based on employer asset holdings. Details are given below:

Actual Returns from 31 March 2023 to 31 March 2024	6.6%
<b>Total Returns from 1 April 2023 to 31 March 2024</b>	<b>6.6%</b>

The major categories of plan assets as a percentage of total plan assets

Please note, IAS19 requires a detailed breakdown of Fund assets which requires me to distinguish between the nature and risk of those assets and to further break them down between those with a quoted price in an active market and those that do not. The split is shown on page 8.

Unfunded benefits

A summary of the membership data in respect of unfunded benefits is shown below.

LGPS Unfunded Pensions	Number at 31 March 2024	Annual Unfunded Pension £(000)
Male	-	-
Female	-	-
Dependants	-	-
Total	-	-

Teacher Unfunded Pensions	Number at 31 March 2024	Annual Unfunded Pension £(000)
Male	-	-
Female	-	-
Dependants	-	-
Total	-	-

The annual unfunded pensions include the 2024 pension increase.

Bulk transfers

For a list of bulk transfers allowed for in the report please see the Appendix.

## Section 2 - Assumptions

### Financial assumptions

The financial assumptions, as described in the accompanying covering report, are summarised below:

Period Ended	31 Mar 2024	31 Mar 2023
	% p.a.	% p.a.
Pension Increase/Revaluation Rate (CPI)	2.75%	2.95%
Salary Increase Rate	3.45%	3.65%
Discount Rate	4.85%	4.75%

As at the date of the most recent valuation, the duration of the Employer's funded obligations is 18 years.

### Demographic assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males	Females
Current Pensioners	21.3 years	24.0 years
Future Pensioners*	21.9 years	25.5 years

\* Figures assume members aged 45 as at the last formal valuation date.

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Current Pensioners	Future Pensioners
CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

A commutation allowance is included for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits.

All other demographic assumptions are as per the latest funding valuation of the Employer.

## Section 3 - Balance sheet, P&L, OCI disclosures as at 31 March 2024

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2024

Period ended 31 March 2024	Assets £(000)	Obligations £(000)	Net asset / (liability) £(000)
Fair value of plan assets	1,577,218		1,577,218
Present value of funded obligations		1,381,129	(1,381,129)
Present value of unfunded obligations		-	-
<b>Opening Position as at 31 March 2023</b>	<b>1,577,218</b>	<b>1,381,129</b>	<b>196,089</b>
Service cost			
Current service cost*		29,072	(29,072)
Past service cost (including curtailments)		3	(3)
Effect of settlements	(439)	(683)	244
<b>Total Service Cost</b>	<b>(439)</b>	<b>28,392</b>	<b>(28,831)</b>
Net interest			
Interest income on plan assets	74,520		74,520
Interest cost on defined benefit obligation		65,032	(65,032)
<b>Total net interest</b>	<b>74,520</b>	<b>65,032</b>	<b>9,488</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>74,081</b>	<b>93,424</b>	<b>(19,343)</b>
Cashflows			
Participants' contributions	9,002	9,002	-
Employer contributions	36,375		36,375
Benefits paid	(62,092)	(62,092)	-
Unfunded benefits paid	-	-	-
Contributions in respect of unfunded benefits paid	-		-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>1,634,584</b>	<b>1,421,463</b>	<b>213,121</b>
Remeasurements			
Changes in financial assumptions		(73,837)	73,837
Changes in demographic assumptions		(8,888)	8,888
Other experience †	-	45,018	(45,018)
Return on assets excluding amounts included in net interest	29,050		29,050
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>29,050</b>	<b>(37,707)</b>	<b>66,757</b>
Fair value of plan assets	1,663,634		1,663,634
Present value of funded obligations		1,383,756	(1,383,756)
Present value of unfunded obligations**		-	-
<b>Closing position as at 31 March 2024</b>	<b>1,663,634</b>	<b>1,383,756</b>	<b>279,878</b>

Please note the Employer's fair value of plan assets is approximately 24% of the Fund's total.

I estimate that the present value of funded obligations comprises of approximately £455,060,000, £234,371,000 and £694,325,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2024.

\* The current service cost includes an allowance for administration expenses of 0.7% of payroll.

\*\* The unfunded obligations comprise of £0 in respect of LGPS unfunded pensions and £0 in respect of Teachers' unfunded pensions.

† The other experience on obligations includes an allowance of £45,018,000 for the April 2024 pension increase order impact.

## Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2023

Period ended 31 March 2023	Assets £(000)	Obligations £(000)	Net asset / (liability) £(000)
Fair value of plan assets	1,754,002		1,754,002
Present value of obligations		1,880,449	(1,880,449)
<b>Opening Position as at 31 March 2022</b>	<b>1,754,002</b>	<b>1,880,449</b>	<b>(126,447)</b>
Service cost			
Current service cost*		60,383	(60,383)
Past service cost (including curtailments)		-	-
Effect of settlements	(1,372)	(2,195)	823
<b>Total Service Cost</b>	<b>(1,372)</b>	<b>58,188</b>	<b>(59,560)</b>
Net interest			
Interest income on plan assets	47,215		47,215
Interest cost on defined benefit obligation		50,930	(50,930)
<b>Total net interest</b>	<b>47,215</b>	<b>50,930</b>	<b>(3,715)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>45,843</b>	<b>109,118</b>	<b>(63,275)</b>
Cashflows			
Participants' contributions	8,619	8,619	-
Employer contributions	36,508		36,508
Benefits paid	(50,928)	(50,928)	-
Unfunded benefits paid	-	-	-
Contributions in respect of unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>1,794,044</b>	<b>1,947,258</b>	<b>(153,214)</b>
Remeasurements			
Changes in financial assumptions		(662,992)	662,992
Changes in demographic assumptions		(12,351)	12,351
Other experience	-	109,214	(109,214)
Return on assets excluding amounts included in net interest	(216,826)		(216,826)
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>(216,826)</b>	<b>(566,129)</b>	<b>349,303</b>
Fair value of plan assets	1,577,218		1,577,218
Present value of funded obligations		1,381,129	(1,381,129)
Present value of unfunded obligations		-	-
<b>Closing position as at 31 March 2023</b>	<b>1,577,218</b>	<b>1,381,129</b>	<b>196,089</b>

\* The current service cost includes an allowance for administration expenses of 0.6% of payroll.

Please note that I have only shown a one year history of results and if further information is required please see the previous years' reports.

## Section 4 - Assets

### Fair value of plan assets

The below asset values are at bid value as required under IAS19.

The IAS19 asset split is based on the Plan's benchmark investment split.

	Period Ended 31 March 2024			
	Quoted £(000)	Unquoted £(000)	Total £(000)	Percentage of Total Assets
Asset category				
<b>Equity Securities:</b>				
Consumer	8,046.0	-	8,046.0	0%
Manufacturing	8,383.5	-	8,383.5	1%
Energy and Utilities	-	-	-	0%
Financial Institutions	1,736.5	-	1,736.5	0%
Health and Care	3,062.3	-	3,062.3	0%
Information Technology	55,716.3	-	55,716.3	3%
Other	4,320.0	-	4,320.0	0%
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)	-	-	-	0%
Corporate Bonds (non-investment grade)	-	-	-	0%
UK Government	-	-	-	0%
Other	-	-	-	0%
<b>Private Equity:</b>				
All	-	113,072.0	113,072.0	7%
<b>Real Estate:</b>				
UK Property	-	116,659.9	116,659.9	7%
Overseas Property	-	2,228.9	2,228.9	0%
<b>Investment Funds and Unit Trusts:</b>				
Equities	480,192.9	-	480,192.9	29%
Bonds	378,849.8	249,940.5	628,790.3	38%
Hedge Funds	-	118,209.4	118,209.4	7%
Commodities	-	-	-	0%
Infrastructure	-	27,137.9	27,137.9	2%
Other	-	77,025.6	77,025.6	5%
<b>Derivatives:</b>				
Inflation	-	-	-	0%
Interest Rate	-	-	-	0%
Foreign Exchange	-	-	-	0%
Other	-	-	-	0%
<b>Cash and Cash Equivalents:</b>				
All	-	19,052.5	19,052.5	1%
<b>Totals</b>	<b>940,307</b>	<b>723,327</b>	<b>1,663,634</b>	<b>100%</b>

The breakdown of assets in monetary terms in the table have been shown to the nearest £100. The additional precision in the presentation of the figures has been included because the sum of the values rounded to the nearest £1,000 will not equal the total values due to rounding. Please note that there may still be a rounding difference between the total and the sum of the breakdown values but this difference will be small. For the avoidance of doubt this does not impact any of the other figures in the report.



## Section 5 - Projected defined benefit cost for the period to 31 March 2025

Analysis of projected amount to be charged to operating profit for the period to 31 March 2025

Period Ended 31 March 2025	Assets	Obligations	Net asset / (liability)	
	£(000)	£(000)	£(000)	% of pay
Projected Current service cost *		25,853	(25,853)	(18.4%)
Past service cost including curtailments		-	-	-
Effect of settlements	-	-	-	-
<b>Total Service Cost</b>	-	<b>25,853</b>	<b>(25,853)</b>	<b>(18.4%)</b>
Interest income on plan assets	80,308		80,308	57.2%
Interest cost on defined benefit obligation		66,505	(66,505)	(47.4%)
<b>Total Net Interest Cost</b>	<b>80,308</b>	<b>66,505</b>	<b>13,803</b>	<b>9.8%</b>
<b>Total Included in Profit and Loss</b>	<b>80,308</b>	<b>92,358</b>	<b>(12,050)</b>	<b>(8.6%)</b>

\* The current service cost includes an allowance for administration expenses of 0.7% of payroll. The monetary value is based on a projected payroll of £140,447,000.

The contributions paid by the Employer are set by the Fund following an actuarial valuation. For further details on the approach adopted to set contribution rates for the Employer, please refer to the latest formal valuation report and Funding Strategy Statement.

I estimate the Employer's contributions for the period to 31 March 2025 will be approximately £35,393,000.

Notes:

The above figures should be treated as estimates and may need to be adjusted to take account of:

- any material events, such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund;
- any changes to accounting practices;
- any changes to the Scheme benefit or member contribution rates; and/or
- any full funding valuation that may have been carried out on the Employer's behalf.

The monetary amount of the projected service cost for the period to 31 March 2025 will be adjusted to take account of the actual pensionable payroll for the period.

## Section 6 - Sensitivity Analysis

### Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out below:

Change in assumptions at 31 March 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	23,650
1 year increase in member life expectancy	4%	55,350
0.1% increase in the Salary Increase Rate	0%	985
0.1% increase in the Pension Increase/Revaluation Rate (CPI)	2%	23,102

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The provided sensitivity figures can be used to estimate the impact of adopting different financial assumptions (e.g. an Employer considering alternative accounting assumptions or to help an Employer complete an ESFA accounts return). For further details on this, please refer to the accompanying accounting covering report.

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme obligations at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in this report, based on the profile (average member ages, retirement ages etc) of the Employer as at the date of the most recent valuation.

# Appendix

## List of employers

Bulk transfers of membership involving the following employers have been allowed for in the report:

Millfield's Primary School - Transfer Out (01/01/2024)

## Appendix - IAS19 remeasurements of plan amendments, curtailments and settlements

On 7 February 2018, the IASB issued amendments to IAS19 on accounting for plan amendments, curtailments and settlements ('special events'). As set out in IAS19 and CIPFA guidance, it is our understanding that where an event is considered 'significant', the profit and loss account should be remeasured at the date of the event.

Where the event is not deemed to be significant, we have not remeasured the profit and loss account in this year's disclosures. In the absence of any instruction or statutory guidance, we have measured significance based on 5% of the active membership being affected (for curtailments) or more than 2% of the liability (for settlements and plan amendments). If an alternative measure of significance were to apply, changes may be required to our calculations and disclosures, however the closing balance sheet position would remain unchanged. Please contact us once the report has been reviewed, where applicable.

The details of all plan amendments, curtailments and settlements that have occurred over the accounting period are noted below.

Event	Date of assumptions*	% of active members affected**	(Net) discount rate at event date	Extent to which assumptions differ***	Significant event?
<b>Early retirements</b>					
Early retirements (July)	31 July 2023	0.0% (1 out of 5458)	2.0%	0.2%	No

\*accounting assumptions that would apply if remeasuring for this event (grouped monthly)

\*\*based on active membership at the latest full valuation

\*\*\*compared to financial assumptions at start of the accounting period

## Bulk transfers

Millfield's Primary  
School (1 January  
2024)

31 December 2023

0.0%

1.7%

0.0%

No

\*accounting assumptions that would apply if remeasuring for this event

\*\*based on obligations in respect of the transfer as a proportion of the Employer's obligations

\*\*\* compared to financial assumptions at start of the accounting period