

Avon Pension Fund

Section 13 – Summary of Outcomes

December 2024

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Section 13

Summary of Outcomes

Section 13 requires the GAD to report on whether the following aims are achieved:

Compliance



the report noted that this objective has been met.

Consistency



the report noted that funds have continued to provide information in the format of a “standard” dashboard developed following prior reviews in order to aid stakeholder understanding of valuations. The report also notes that the agreement of climate risk analysis principles ahead of the 2022 valuation helped improve consistency across the scheme.

Solvency



the report makes the comment that improvements in the aggregate LGPS funding position (106% on a local basis and 119% on the standardised “best estimate “basis”) have reduced immediate solvency concerns but that risks clearly remain which are important for funds to consider, particularly in the context of employer budgets. Funding positions also remain sensitive to changes in future experience and changes in investment market conditions.

Long term cost efficiency



Reflecting the improved funding positions and the number of funds now in surplus, the report sets out how GAD intends to use future reviews to assess how funds have utilised surpluses.

Section 13 Report: <https://www.gov.uk/government/publications/lgps-ew-review-of-the-actuarial-valuations-of-funds-as-at-31-march-2022>

Section 13

Summary of Outcomes

Assessment measure	Comment	
SAB funding level	Best estimate measure – so without the (required) prudence in the funding basis.	SOLVENCY
Asset shock	Impact of a 15% fall in return seeking assets.	
Employer default	Impact of non-taxpayer backed employers defaulting.	
Deficit period	Looks at suitability of recovery period.	LONG-TERM COST EFFICIENCY
Required return	Required return to be fully funded in 20 years	
Return scope	Excess of the Fund's expected return above the required return above	
Repayment shortfall	Compares deficit contributions to GAD expectations	

Section 13

Summary of APF Outcomes (2022 in Green, 2019 in Blue)

FUNDING LEVELS				
2022 LOCAL BASIS			SAB STANDARD BASIS	
96%			108%	
94%			106%	

SOLVENCY MEASURES				
Risks already present			Emerging risks	
SAB Funding Level	Open Fund	Non - Statutory Employees	Impact on core spending post asset shock	Deficit or Surplus post Employer Default
107.5%	Yes	4.9%	1.9%	N/A – Surplus
106.0%	Yes	5.1%	2.2%	N/A - Surplus

LONG TERM COST EFFICIENCY MEASURES				
Relative considerations		Absolute considerations		
Deficit Period (Rank)	Required Return (Rank)	Repayment Shortfall	Return Scope (Rank)	Deficit Recovery Plan
N/A – Surplus	3.5% (56)	N/A - Surplus	0.7% (81)	Green
N/A - Surplus	3.3% (48)	N/A - Surplus	0.8% (61)	Green



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