



1 Executive summary

We have carried out an actuarial valuation of the London Borough of Lewisham Pension Fund ('the Fund') as at 31 March 2013. The results are presented in this report and are briefly summarised below.

Funding position

The table below summarises the financial position of the Fund at 31 March 2013 in respect of benefits earned by members up to this date.

	31 March 2010 (£m)	31 March 2013 (£m)
Past Service Position		
Past Service Liabilities	949	1,215
Market Value of Assets	715	868
Surplus / (Deficit)	(234)	(348)
Funding Level	75.4%	71.4%

The increase in deficit reflects the adverse conditions which the Fund has had to contend with since the previous valuation. In particular, the decrease in the real gilt yield has increased the value placed on the Fund's liabilities.

Contribution rates

The table below summarises the average employer contribution rate that would be required, based on this triennial valuation.

	31 March 2010 (% of pay)	31 March 2013 (% of pay)
Contribution Rates		
Employer future service rate (incl. expenses)	17.7%	21.2%
Past Service Adjustment (20 year spread)	9.9%	14.5%
Total employer contribution rate (incl. expenses)	27.6%	35.6%

The increase in the total employer contribution rate is primarily due to the decrease in the real gilt yields which has increased both the employer future service rate and the past service adjustment.

The common contribution rate is a theoretical figure – an average across the whole Fund. In practice, each employer that participates in the Fund has its own underlying funding position and circumstances, giving rise to its own contribution rate requirement. The minimum contributions to be paid by each employer from 1 April 2014 to 31 March 2017 are shown in the Rates and Adjustment Certificate in **Appendix G**.