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SHREWSBURY TOWN COUNCIL
POLICY & RESOURCES COMMITTEE
12 January 2026

Officer: Andy Watkin – Head of Resources (RFO)

ACTUARIAL VALUATION

Purpose of the Report

To appraise members on the following:

- The results of the 2025 Shropshire County Pension Fund Actuarial valuation

- Employers contribution rate for Shrewsbury Town Council for 2026/27 onwards

2025 Actuarial Valuation

- Shrewsbury Town Council are a designated body of the Shropshire County Pension Fund, where Shropshire and Telford & Wrekin are the largest employers, it is a Local Government Pension Scheme (LGPS) and a defined benefit.

- Every three years, the actuary undertakes a revaluation, revising assumptions and discount rates to ensure the scheme is fully funded taking into account any scheme changes, legislation and potentially revising the employer's rate and including deficit recovery amounts.

- The fund overall position is fully funded and position increased by £2.2m this is driven by positive change in assumptions of £2.8m otherwise the surplus would have reduced. The other positive change is the average future service rate has decreased from 19.6% to 17.6% due to a reduction in the membership profile (death rate) and actuarial assumptions for the discounted rate.

Employers contribution rate

- Each of the employers in the scheme has their own rate and funding position related to their own staffing profile. The council at last valuation paid net 17.6% (19.6% - 2%) increasing it from 14.8% on advice of the actuary, utilising the surplus to reduce by 2% from the primary rate.

- At this valuation in keeping with the general trend, the Council's positive funding position has increased by 16%. This surplus enables the council to reduce the employers overall rate

- As the surplus has increased the reduction can be increased also from 2% to 3.6% for an effective rate of 14.0% the lowest for many years, and a 20% reduction in cash terms.

- This would save circa £90k on current staff numbers for the 2026/27 budget

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- Consideration in reducing the employers rate has factored in the actuarial assumptions may be reversed in 3 years time, any increases in staff from TUPE or natural increases dilute the surplus therefore decreasing the reduction which can be applied, stock market or government changes at next valuation are a strong possibility, as the FTSE is at record highs.

RECOMMENDED:

(i) Decrease the employer's rate to 14% utilising the surplus at the current valuation