SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
13th JANUARY 2020

Agenda No
7

Responsible Officer: Andy Watkin – Head of Resources

Actuarial Valuation

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1 Purpose of Report

To appraise members on the following:

1.1 The results of the 2019 Shropshire County Pension fund Actuarial Valuation

1.2 This position for Shrewsbury Town Council and the employers contribution rate applied in the accounts for 2020/21 onwards

2 2019 Actuarial Valuation

2.1 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.

2.2 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.

2.3 An ongoing consideration at the 2019 valuation is the outcome of the McCloud case which impacts on any scheme members with pre 2014 membership which will increase liabilities slightly.

2.4 The fund overall position is 94% fully funded a increase from the previous valuation. Whilst the funding position has improved the future service rate has unfortunately increased to 16.6% due to a reduction in the discount rate. It should be noted life expectancy has decreased by 4%.

3 Shrewsbury Town Council

3.1 Mirroring the scheme, the Council's funding position has improved and is fully funded at 134% or 133% if McCloud estimates used.

3.2 The future service rate has increased for future accounting periods from 16.2% to 17.6% or 18.5%, if McCloud factored in.

3.3 Due to the surplus on the scheme, at the last valuation the actuary agreed that the contribution rate could be kept at the previous rate of 14.8%.

3.4 As the historic funding levels of the overall scheme show, these are subject to market valuations at 31st March and while the Council are currently in surplus, this could decrease at the next valuation

3.5 The Council has an ageing workforce, changes to the scheme in 2014 such as early retirement are now borne by the employer in a strain cost or the employee in reduced pension as opposed to the scheme itself. However, ill health is covered by the scheme and the surplus may be called upon for future liabilities.

4 Recommendations

4.1 The prudent approach should be continued to ensure a static employers rate of 14.8% for future accounting periods utilising the surplus and accepting the impacts of the McCloud case and the higher future service rate.