

NOT FOR PUBLICATION

Appendix A to this report is considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council.

Report to: **Audit Committee**
Date: **31 January 2019**
Title: **Pensions Strategy
(Triennial Actuarial Revaluation)**
Portfolio Area: **Strategic Finance – Cllr S Wright**
Wards Affected: **ALL**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

That the Audit Committee notes the contents of Appendix A and instructs officers to engage in early dialogue with the Devon Pension Fund and the actuaries (Barnett Waddingham), ahead of the next Triennial Pension Revaluation in 2019, to further assess the Council's options.

1 Executive summary

- 1.1 The Medium Term Financial Strategy approved at Council in September 2018 was the starting point for developing a meaningful five year strategy that has set out the strategic intention for all of the different strands of funding available to the Council. The Council is now able to rely on this to inform future decisions.
- 1.2 The Medium Term Financial Strategy for 2019/20 to 2023/24 was approved by

Council on 27th September 2018. Below is a copy of the relevant Council Minute 31.

As part of this minute, it was **RESOLVED** that:

1. the Council takes specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation) with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. It is also recommended that the Council has early dialogue with Devon County Council and the actuaries with regards to the Council having an input into the actuarial assumptions used for the 2019 Actuarial Valuation. (NB. options will be presented to the Audit Committee meeting in January 2019 to consider);
- 1.3 Exempt Appendix A attached sets out the specialist pensions advice which has been received. This report presents options to the Council's Audit Committee to consider.
- 1.4 It is recommended that the Audit Committee notes the contents of Appendix A and instructs officers to engage in early dialogue with the Devon Pension Fund and the actuaries (Barnett Waddingham), ahead of the next Triennial Pension Revaluation in 2019, to further assess the Council's options.

2. Background

- 2.1 The Triennial Pension Revaluation informs the Council's employer pension contributions on a three yearly cycle and takes into account the assumptions used within the Triennial Revaluation e.g. life expectancy and mortality assumptions and financial assumptions such as RPI increases, CPI increases and the Discount rate.
- 2.2 Assets and liabilities are assessed by Barnett Waddingham, an independent firm of actuaries. As required under IAS (International Accounting Standard) 19, they use the projected unit method of valuation to calculate the service cost. To assess the value of the Employer's liabilities at 31 March 2018, the actuaries roll forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2016, using financial assumptions that comply with IAS19.
- 2.3 The liabilities and assets for each employer are valued and funding rates are determined in line with the Fund's Funding Strategy Statement (FSS), which is set by Devon County Council, with advice from Barnett Waddingham (actuaries) and in consultation with employers (South Hams District Council).
- 2.4 The year end pensions position of the Council is reflected within the Council's Final Accounts, which are approved annually by the Audit Committee, as set out within the Council's Constitution.

3. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Triennial Pension Revaluation informs the Council's employer pension contributions on a three yearly cycle.</p> <p>The year end pensions position of the Council is reflected within the Council's Final Accounts, which are approved annually by the Audit Committee, as set out within the Council's Constitution.</p> <p>The pensions advice states that the report is for the benefit of the client (South Hams District Council) only.</p> <p>Appendix A to this report is considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council. The public interest has been assessed and it is considered that, the public interest is better served by non-disclosure to the press and public.</p>
Financial	Y	<p>The Council has taken specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit.</p> <p>This report presents options to the Council's Audit Committee to consider.</p>
Risk	Y	Risk is considered within each of the options evaluated, as set out in Exempt Appendix A.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/a
Safeguarding	N	N/a
Community Safety, Crime and Disorder	N	N/a
Health, Safety and Wellbeing	N	N/a
Other implications	N	none

Appendices: Exempt Appendix A – Specialist Pensions advice