



AGENDA ITEM: 9

NORTH WALES FIRE AND RESCUE AUTHORITY AUDIT COMMITTEE

30 January 2017

Local Government Pension Fund (LGPF) Deficit

Report by Ken Finch, Treasurer

Purpose of Report

- 1 To obtain approval from members to utilise the facility of borrowing funds on a rolling basis to fund, in advance, the deficit due for the three financial years 17/18, 18/19 and 19/20. This will enable the Authority to save £138,600 over the next three years.

Background

- 2 The LGPF must meet a key statutory funding objective which means that it needs to have appropriate assets to cover its accrued liabilities. It is therefore a requirement that the government actuary regularly undertakes a valuation of the pension scheme to ensure that it is appropriately funded.
- 3 The Authority has received the preliminary actuarial valuation results for the next three years. The report identifies the following pension scheme deficit figures:

Year	Deficit
17/18	£741,500
18/19	£767,100
19/20	£793,600
Total	£2,302,200

- 4 The Clwyd Pension Fund has notified the Fire and Rescue Authority that by paying the deficits earlier this will make savings on interest payments due on the deficit contributions. If the full three years are paid in April 2017, the savings would be £138,600.
- 5 Presently, the Authority is able to borrow funds, through Conwy Borough Council, on a six month rolling basis at a rate lower than the savings percentage offered by Clwyd Pension Fund. It has therefore been confirmed that this would be advantageous to the Fire and Rescue Authority. There is a risk that interest rates may rise in future so it would be prudent to review this situation at the time of the next full actuarial review.

Recommendation

- 6 That members approve, in principle, the payment of the deficit lump sum due for the next three years in April 2017, which will result in savings of up to £138,600 over the next three financial years.