

27 November 2019

Local Government Pension update

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Summary:	This paper provides a high-level update on the outcome of the Local Government Pension Scheme (LGPS) triennial valuation. It indicates the potential financial implications for Somerset LA maintained schools for the 3 years 2020/21-2022/23.
Recommendations:	It is recommended that Somerset Schools Forum note: <ul style="list-style-type: none">• The change in employer's contribution rate for Somerset County Council for 2020/21 from 15.5% to 18.1%, or an increase of 2.6%• The change in value of the Pension Deficit Lump sum payment for Somerset County Council for 2020/21 from £12.806m to £9.331m, or a decrease of £3.475m• The overall pension increase for 2020/21 of 0.2%• The changes for future years (2021/22 and 2022/23) as detailed in section 4
Reasons for Recommendations:	The Somerset LGPS has a triennial valuation process that results in the pension fund actuaries making an assessment of the required employer contribution rate for the forthcoming 3 years and value of the lump sum contributions to be made for the forthcoming 3 years. It is important to ensure all Somerset LA Maintained schools understand the financial implications to ensure they can set a realistic and deliverable budget for the financial year 2020/21.
Links to Priorities and Children and Young Peoples Plan:	The Schools Budget supports the Enjoying and Achieving aim within the Children's Plan.
Financial Implications:	The financial implications are included within the narrative of this report with an estimated overall financial pressure of 0.2% increase in pension costs for 2020/21.

1. Background

- 1.1. The Somerset LGPS has a triennial valuation process that results in the pension fund actuaries making an assessment of the required employer contribution rate for the forthcoming 3 years and where applicable the value of the lump sum contributions to be made for the forthcoming 3 years.
- 1.2. All entities that form part of the Somerset Pension Fund are affected by the triennial valuation and within section 4 below the specific changes for Somerset County Council are detailed. These changes affected all Somerset LA maintained schools where they have employees that join the Somerset LGPS.

2. Options Considered

- 2.1. There is no other option than to ensure communication is made to ensure all Somerset LA Maintained schools understand the financial implications to ensure they can set a realistic and deliverable budget for the financial year 2020/21.
- 2.2. Reporting to Somerset Schools Forum is an additional communication channel to assist effective communication across Somerset LA Maintained schools. This report is for information only.

3. Consultations undertaken

- 3.1. Consultations are not required to support this report and no decisions are recommended. This report forms part of effective communication.

4. Implications

- 4.1. The actuary of the Somerset LGPS has confirmed that for Somerset County Council the employer's contribution rate and deficit lump sum are as follows:

Financial Year	Employer rate	Change	Lump Sum	Change	Overall change
2020/21	18.1%	+2.6%	£9.331m	-£3.475m	+0.2%
2021/22	18.1%	-	£9.671m	+£0.340m	+3.6%
2022/23	18.1%	-	£10.024m	+0.353m	+3.6%

- 4.2. The above figures are for Somerset County Council as a whole and the impact on individual schools may differ depending on any proportional change of staffing levels (of the staff within the LGPS) across the whole council. The above overall percentage change figures must therefore be taken as indicative only.
- 4.3. There are no other implications as a result of this report.

5. Background papers

- 5.1.** There are no relevant background published papers. This report is for information only.

Note: For sight of individual background papers please contact the report author