

Minutes of the Emergency Committee

Meeting Date: Monday, 9 March 2020, starting at 2pm
Present: Councillor S Atkinson (Chairman)

Councillors:

A Brown
S Hore
A Knox

In attendance: Chief Executive, Director of Resources, Director of Economic Development and Planning and Solicitor.

616 APOLOGIES

There were no apologies for absence from the meeting.

617 PRE-PAYMENT OF LOCAL GOVERNMENT PENSION CONTRIBUTIONS

The Director of Resources submitted a report asking Committee to decide whether this Council should pre-pay our Local Government Pension Scheme Employer Pension Contributions for the 3 years 2020/21 to 2022/23.

As a Member of the Lancashire County Pension Fund on 1 April 2020, we will enter the first year of a new triennial valuation period ending on 31 March 2022. As part of the detailed negotiations between Local Authority members of the fund the actuary Mercers and Lancashire County Council, the option to pre-pay any past service deficit and/or the future elements of the employer's contributions has been offered.

This was also offered at the time of the previous triennial review but at that time there was some uncertainty surrounding accounting treatment and views of our external auditors so the Council decided to pay the contributions by yearly pre-payment.

By pre-paying the employer contributions as a lump sum the pension fund can take advantage of investment returns which it would otherwise be unable to via monthly payments thus allowing local authorities to benefit from reduced contributions.

The report outlined the annual employer contributions currently forecast and compared the payment options available for the period 2020/21 to 2022/23.

It was expected that if elements of the pre-payment options were overestimated then the amounts overpaid would remain in the pension fund to be off-set against the next triennial review period, with contributions adjusted accordingly at that time.

Any pre-payment lump sums would be payable to the fund on 24 April 2020.

The Director of Resources had carried out an analysis of the Council's cash flow forecast to ensure that we are in a position to meet the required 3-year pre-

payment due on 24 April 2020 should we chose that option and based on the current base rate we would expect to lose investment income of £27,700 which is significantly less than the £143,000 saving we would make.

Members discussed the options available and the uncertainty surrounding Local Government reorganisation.

RESOLVED: That Committee agree to pre-pay the Local Government Pension Scheme employer pension contributions for the 3-year period 2020/21, 2001/22 and 2022/23 at a cost of £2,462,300.

The meeting closed at 2.15pm.

If you have any queries on these minutes please contact Jane Pearson (425111).