


REPORT TO EMERGENCY COMMITTEE

6 May 2020

Subject:	Additional Item of Business Pension Deficit – Upfront Payment
Director:	Rebecca Maher
Contribution towards Vision 2030:	
Contact Officer(s):	Rebecca Maher Head of Finance/Deputy S151 Officer Rebecca_Maher@sandwell.gov.uk

DECISION RECOMMENDATIONS

1. That the Committee approves the upfront payment of **£30.563m** to cover Sandwell MBC's pension deficit for the period 2020/21 to 2022/23 to be made on 7 May 2020 and authorises the Deputy S151 Officer to arrange for this payment to be made.

1 PURPOSE OF THE REPORT

- 1.1 To gain approval from the Committee for the council to pay an amount of **£30.563m** to the West Midlands Pension Fund (WMPF) to cover the pension deficit for the period 2020/21 to 2022/23.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The most recent triennial review of the WMPF has now been completed and the council has been informed of the resultant pension deficit payment required for the period 2020/21 to 2022/23.
- 2.2 The total amount payable for Sandwell MBC is £32.7m which is broken down across the years as follows: -

Year	£m
2020/21	10.500
2021/22	10.900
2022/23	11.300
Total	32.700

- 2.3 However, as they did with the last valuation, WMPF have enabled local authorities to make an upfront payment to cover the three-year period in order to obtain a discount. The total amount due for Sandwell MBC in this scenario would be **£30.563m** which is a saving of **£2.137m**.

3 THE CURRENT POSITION

- 3.1 The council is therefore planning to make the upfront payment of **£30.563m** on 7 May 2020 in order to obtain the saving. This has been included in the budget figures that were approved by full Council on 10th March 2020.
- 3.2 The council does not need to undertake any long-term borrowing in order to make this payment.

4 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 4.1 The council's finance team have consulted with the external auditors, Grant Thornton, about this payment and have agreed the accounting treatment for this. No concerns have been raised through this consultation.

5 ALTERNATIVE OPTIONS

- 5.1 The alternative option to making this upfront payment is to pay WMPF on an annual basis and therefore not benefit from the **£2.137m** saving. This would have an impact on the council's Medium-Term Financial Strategy.

6 STRATEGIC RESOURCE IMPLICATIONS

6.1 The strategic resource implications are outlined in the main body of the report.

7 LEGAL AND GOVERNANCE CONSIDERATIONS

7.1 The Monitoring Officer has been consulted and has confirmed that this payment is in line with the Local Authorities (Capital Finance and Accounting) Regulations 2003.

8 EQUALITY IMPACT ASSESSMENT

8.1 There are no equality implications as a result of the recommendations in this report.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 There are no data protection implications as a result of the recommendations in this report.

10 CRIME AND DISORDER AND RISK ASSESSMENT

10.1 There are no crime and disorder risks arising from this report.

11 SUSTAINABILITY OF PROPOSALS

11.1 There are no sustainability issues associated with this report.

12 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

12.1 There are no health and wellbeing implications associated with this report.

13 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

13.1 There is no direct impact on any council managed property or land from this report.

14 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

14.1 The conclusion of this report is that the council should make the upfront payment of **£30.563m** to the WMPF to cover the pension deficit for the period 2020/21 to 2022/21 in order to obtain a saving of **£2.137m**.

15 BACKGROUND PAPERS

Rates and Adjustment Certificate - WMPF

16 APPENDICES:

N/a