

**Devon And Cornwall Police Authority Resources Committee****07 February 2008**

Open for the purposes of FOI

Report of the Treasurer

**Police Staff Pension Fund -Actuarial Valuation****Recommendation:**

**That members approve the 3 stepped option to increase employer pension contributions set out below.**

1. Most police staff are members of the pension fund administered by Devon County. The fund is valued every 3 years and new employer contribution rates are required. The Fund has been actuarially assessed as at 01/04/07. Normally members would have had the relevant figures some time ago but this time the processed has been delayed and is still not complete. This is due in part to the introduction of the new local government pension scheme from April this year.
2. Devon County has supplied some limited information. From this, it is understood that solvency rates for the whole Devon fund have increased from 61% to 80%. This is the result of some excellent investment returns achieved by the Devon County team and our thanks are due to them. It is also understood that Devon and Cornwall Police have probably the highest solvency rate within the fund.
3. Nevertheless, increased employer contributions are necessary and the following assumptions have already been built in to the budget for next year and beyond. The target rate is 15.5%. A stepped approach is suggested by the actuary;

Year	Rate	Extra cost
07/08	13.5%	0
08/09	14.2%	£0.35m
09/10	15.0%	£0.70m
10/11	15.7%	£1.05m

4. The alternatives are to move to the rate of 15.5% immediately which would cost some £1m a year or to use smaller stepped increases over 6 years. Given budget pressures, recent stock market uncertainty and the relentless increase in pension costs from demography, the 3 step approach appears to be a sensible middle way.
5. Final documentation and considerable detail are awaited and will be reported to members if the final picture changes significantly.

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