



Oifig an Cheannasaí Airgeadais, An Roinn Airgeadais,
Oifigí na Cathrach, An Ché Adhmaid, Baile Átha Cliath 8, Éire

Office of the Head of Finance, Finance Department,
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Mr. Robert Watt,
Secretary General,
Department of Public Expenditure & Reform,
7-9 Merrion Row,
Dublin 2

30th August, 2016

Re: Pension Liabilities – Dublin City Council

Dear Mr. Watt,

I refer to my letter of 19th July 2016 (copy attached) regarding the matter of the pension liabilities of Dublin City Council. A similar letter issued to the Department of Finance.

I note from my records that the Department of Finance has indicated that this matter is an issue for response from your Department.

The next meeting of the Finance Strategic Policy Committee is scheduled for Thursday 15th September and it would be appreciated if the requested commentary could be sent for my attention for discussion at this meeting.

Yours sincerely,

**Councillor Ruairi McGinley,
Chairperson, Finance Strategic Policy Committee**



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Mr. Robert Watt,
Secretary General,
Department of Public Expenditure & Reform,
7-9 Merrion Row,
Dublin 2

19th July, 2016

Re: Pension Liabilities – Dublin City Council

Dear Mr. Watt,

At its meeting held on 16th June 2016 the Finance Strategic Policy Committee discussed the matter of the pension liabilities of Dublin City Council. This discussion arose from the consideration of the City Council's Annual Financial Statement 2015. The incurred cost of pensions to Dublin City Council has increased notably and is funded wholly from revenue (day to day) funding sources.

Dublin City Council have in the past commissioned two actuarial reviews of its pension liabilities (reports published in 2007 and 2010). The 2010 report determined (based on 2009 data) that:

- The then (2009) pension liability of Dublin City Council amounts to €23bn at a discount rate of 3.3%.
- Dublin City Council's pension liabilities will increase until 2035 and from then reduce.
- The service cost in 2009 prices is €61m at a discount rate of 3.3%.

This accrued liability figure of €2.3bn represents the present value of all expected future superannuation payments to current staff and their spouses in respect of service up to December 2009, plus the full liability for all future payments to current pensioners and to their spouses. This figure would be included in an AFS which required compliance with the pension accounting standard FRS17.

The service cost of €61m is the estimated present value of the cost of future pension payments arising from service in 2009 in Dublin City Council; this means that in 2009 each person serving in DCC accrued pension benefits worth, on average, around €9,000. It should be noted that the figure of €61m is different from the actual outgo on pensions in 2009 which amounted to €90m

The Accounting Code of Practice for Local Authorities, as presented by the Minister for Housing, Planning and Local Government, does not require compliance with FRS17. In tandem, Dublin City Council is not empowered to establish a managed fund or finance vehicle, designed to contribute/meet future pension costs. Consequently the incurred costs of pensions are funded from revenue sources available to Dublin City Council (Government Grants, Local Government Fund Allocation, Pension Related Deduction, charges for good and services and Commercial Rates) to an increasing value.

Designated Public Official under the
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Oifigeach Poiblí Shainithe faoi réir
Acht um Brústocaireacht a Rialáil

Ceannoifig, Oifigi na Cathrach, An Ché Adhmaid, Bhaile Átha Cliath 8, Éire
Head Office, Civic Offices, Wood Quay Dublin 8, Ireland

The Strategic Policy Committee agreed to request that your Department provide a commentary on the pension related funding arrangements set by Government to Dublin City Council and the impact of these arrangements on resources available for service delivery in future years having regard to increasing financial burden on Dublin City Council of paying 'as we go'.

Yours sincerely,



Councillor Ruairi McGinley,
Chairperson, Finance Strategic Policy Committee