



Buckinghamshire County Council

Agenda

PENSION FUND CONSULTATIVE GROUP

Date Wednesday 15 October 2008
Time 10.00 am
Venue Large Dining Room, Judges Lodgings

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5 PENSIONS PERFORMANCE STATISTICS / UPDATE ON YEAR END AND ANNUAL BENEFIT STATEMENTS Report presented by Chris Thompson, Principal Pensions Officer	19 - 22
6 BENCHMARKING Report presented by Claire Perry, Principal Pensions Officer	23 - 46
7 DISCRETIONARY POLICIES Report presented by Julie Vrondis, Pensions Manager	47 - 60
8 DATE OF NEXT MEETING The next meeting of the Group will be held on Thursday 19 March 2009 at 10.00am in Mezzanine Room 2	

9 EXCLUSION OF THE PRESS AND PUBLIC

To resolve to exclude the press and public as the following item is exempt by virtue of Paragraph 4 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the Authority or a Minister of the Crown and employees of, or office holders under, the Authority

10 DISCRETIONARY POLICIES

Report from Julie Vrondis, Pensions Manager.

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Members

Mr F Downes, Pension Fund Committee Representative (C)
Mr R Atkins, Thames Valley Police Authority Representative
Ms S Burgess, Admitted Body Representative - Heritage Care
Mr S Cox, Pensioner Representative
Mrs J Eubank, Employee Representative
Mr I Frost, Milton Keynes Council
Mr S Mason, Aylesbury Vale District Council Representative
Mr J McMillan, Wycombe District Council Representative
Mr C Palfreyman, BCC Finance Representative
Ms T Pearce, Chiltern District Council Representative
Mr D Radford, Unison Representative
Ms M Shannon, South Bucks District Council Representative
Ms L Turvey, Admitted Body Representative - Fremantle Trust
Mr G Waghorn, Milton Keynes Council
Ms J Whiteley, People & Policy Representative
Vacancy, Employee Representative



Buckinghamshire County Council

Minutes

PENSION FUND CONSULTATIVE GROUP

MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON TUESDAY 11 MARCH 2008, IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY, COMMENCING AT 10.02 AM AND CONCLUDING AT 10.50 AM.

MEMBERS PRESENT

Mr F Downes (Chairman), Mr R Atkins, Mr S Cox, Mr C Palfreyman, Ms T Pearce and Ms J Whiteley

OFFICERS PRESENT

Maureen Keyworth, Democratic Services Officer
Julie Vrondis, Pensions Manager

AGENDA ITEM

1. APOLOGIES / CHANGES IN MEMBERSHIP

Apologies were received from Jacky Eubank, Steve Mason and John McMillan.

2. MINUTES

The minutes of the meeting held on 26 October 2008 were confirmed as a true record.

3. FUND MANAGERS' PERFORMANCE REPORT

Members received a report on the performance of the Pension Fund's managers for the fourth quarter of 2007, which showed the market value of the Fund, as at 31 December 2007, as £1.284m.

The report also showed the asset allocation split by class, the value of the fund held by each fund manager and the type of mandate, and the fund managers' performance for the quarter to 31 December 2007.

The members discussed the performance of the fund managers over the last quarter and the year 2007 as a whole. The Pension Fund Committee is taking action where necessary and continues to monitor the performance of all the fund managers.

The Pension Fund is just below the top third of the performance table, and if current performance is maintained it will go higher.

The Pension Fund Committee is in the process of developing and reviewing the

strategy, and looking closely at the funding pattern in order to achieve ways of increasing return. The outcome of the review will be fed back at the April meeting of the Pension Fund Committee.

4. INDEMNITY BONDS

Members received the report of the Pensions Manager which gave a summary of the review of the indemnity bonds of the transferee admitted bodies within the Pension Fund.

Indemnity bonds are in place to protect the fund should any contract terminate early and leave a funding deficit or pension strain costs.

In the early 90's Pension Funds were buoyant and final salary schemes and contributory holidays existed. This is no longer the case and most final salary schemes have disappeared. Funding gaps are now common and when companies did experience difficulties many Pension Funds could not pick up the cost.

The LGPS allows employers meeting certain criteria to join the scheme demonstrated by the fact that this Bucks fund has over 100 employing organisations involved. In 1997 changes were introduced and it was the responsibility of the contracting authority to provide for any pension shortfalls arising if admitted companies went bankrupt. At the same time, administering authorities insisted on the requirement for a bond from any newly outsourced company. Although this bond covers the pension strain, that is only a small part of the risk. Members were referred to a table in the report showing the potential risks which can affect a Pension Fund. It was also noted that because final salary schemes are disappearing, bonds are becoming harder to get.

Because the risk relates more to the possibility of companies going bankrupt, it seemed logical to set a bond reflecting that risk. Credit scores on companies could be used as basis on which to set a bond and there are already mechanisms in place to assess such a risk. It was considered that this would be a fairer approach, particularly with regard to smaller companies.

Bond levels would be reviewed on a regular basis and a time period of three years or less was considered, dependent upon the term of the contract and the status of the Company.

5. LGPS NEW SCHEME - UPDATE

Members received a sheet giving an update on the new benefit package, compared to the current scheme. Main points of note are:

- The Pension remains at final salary
- Accrual will go up from 1/80th as at 31 March 2008, to 1/60th from 1 April 2008. However, there will be no automatic lump sum after April 2008. The lump sum accrued to 31 March 2008 will be banked until retirement is taken up.
- Retirement age remains at 65 for men and women. Under Government regulations, from 2010 the earliest age for retirement will be 55 years. However, existing scheme members will have protection under the old scheme for 2 years.
- Pensionable pay will be based on an average of the final year's pay, or an average of the best three consecutive years pay during the member's last 10 years of service, whichever is higher. Because of this change, payroll records will need to be kept.
- With regard to survival benefits, co habiting partners are now recognised.
- Death in service grant will increase from two times to three times actual salary.

Death after retirement will increase from five times pension, less any pension paid, to 10 times pension, less any pension paid.

- Additional Voluntary Contributions will remain, but not added years. However, there will be an option to buy up to £5,000 additional annual pension in steps of £250.
- Under the new Scheme there is currently a two tier ill health retirement package. However, this is likely to become three tiers after 1 April 2008.
- Contribution bands are being introduced for employees, which will average out at about 6.3%. BCC intends to review salaries on a monthly basis in order to ensure employees are paying at the correct rate.

Members noted that the Employer Training Day had been a great success with a large turnout. Those who attended agreed they felt equipped to deal with the new scheme. DVDs have been issued to all employers, on the new scheme, existing transition and new employees.

6. PENSIONS ADMINISTRATION PERFORMANCE REPORT

Members received the report of the Pensions Manager, which gave details of the work performance statistics for the last 10 months.

The following was noted:

- All correspondence and calls are logged on a work flow system. The aim is to complete the majority of queries within 10 days. The Pensions Manager was asked whether more detailed queries could be put on hold and members were informed that queries relating to transfer of previous pension fund can be put on hold, but year end tasks cannot.
- The dip in the figures for September and December may be due to movement of school employees, which may also account for the increase in the figures for October and January.

The Pension Fund Consultative group NOTED the performance statistics of the team.

7. PENSIONS ADMINISTRATION STRATEGY

Under the new Scheme, authorities have been given the discretion to prepare a pension administration strategy which would contain the authority's policies in relation to pension administration. The current policies, charters and service level agreements are detailed in the report.

The new Scheme also gives Authorities the power to charge underperforming employers for additional work. Backlogs often build up when vital information is not forthcoming from employers, such as unpaid leave, maternity leave, or the fact that an employee has left and notification has not been given. Often temporary staff have to be employed to deal with the backlog and this incurs expenses over and above the normal employer contribution. School's that outsource their payroll service fall into this category. Such additional charges would relate to employers who persistently create more work.

The Assistant Head of Finance stated that there were mechanisms in place to recover such charges. It was hoped that this would be implemented by summer 2008, but employers would be consulted prior to implementation.

The Pension Fund Consultative Group were IN FAVOUR of such a strategy being put in place.

8. DATES OF FUTURE MEETINGS

The next meetings of the Pension Fund Consultative Group are:

- Wednesday 15 October 2008 at 10.00am in the Large Dining Room, Judges Lodgings
- Thursday 19 March 2009 at 10.00am in Mezzanine Room 2

9. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

10. CONFIDENTIAL MINUTES

The confidential minutes of the meeting held on 26 October 2008 were confirmed as a true record.

CHAIRMAN



Report to Pension Fund Consultative Group

Title: Fund Managers' Performance

Date: 15 October 2008

Author: Assistant Head of Finance

Contact Officer: Clive Palfreyman 01296 382280

Summary

To present the performance of the Pension Fund's managers for the second quarter of 2008 and the annual mini-valuation by the Actuary.

Recommendation

The Group is asked to note the report and comment as appropriate.

A. Main issues arising

Fund Value and Asset Allocation

- The market value of the Fund decreased from £1,207m to £1,185m during the three months ending 30 June 2008. Table 1 below shows the asset allocation, the distribution of investments across categories of assets, such as cash, equities and bonds:

Asset Allocation by Class	31 Mar 2008		30 June 2008	
Equities	£m	£m	£m	£m
UK		363		364
Overseas		404		387
North America	146		142	
Europe (ex UK)	139		130	
Japan	50		50	
Developed Pacific (ex Japan)	20		21	
Emerging Markets	49		44	
Bonds		235		230
Fixed Interest Gilts	195		188	
UK Index-Linked Gilts	40		42	
Property		99		94
Private Equity		5		8
Absolute Return Funds		60		76
Cash		41		26
		1,207		1,185

- Table 2 below shows how the Fund's assets as at 30 June 2008 varied from the planned allocation, the percentages change each quarter as the different asset classes generate different returns.

Equities performance in the previous six months has resulted in the value of UK and global equities as at falling below the planned allocation by 0.7% and 2.6% respectively.

Pension Fund cash exceeds the asset allocation mainly due to cash balances held by the fund managers for cash flow purposes. As reported previously Morley is investing

cash on behalf of the Pension Fund until investment opportunities in European property are identified.

The 2% investment in private equity fund of funds, managed by Pantheon Private Equity, will be staggered over the next few years when investment opportunities arise and Pantheon calls on the cash from the Fund.

The allocation to absolute returns exceeds the strategic asset allocation following the Committee's decision to incrementally increase the proportion of the Fund managed by Blackstone from 2% to 5% using surplus cash balances.

Asset Class	Asset Allocation as at 30 June 2008 %	Strategic Asset Allocation %	Variance From Strategic Allocation %
Equities:			
UK	30.7	31.4	-0.7
Overseas	32.7	35.3	-2.6
Bonds	19.4	19.6	-0.2
Property	7.9	7.8	0.1
Private Equity	0.7	2.0	-1.3
Absolute Return Funds	6.4	3.9	2.5
Cash	2.2	0.0	2.2
	100.0	100.0	0.0

3. The value of the Fund and the mandate managed by each fund manager at 31 March 2008 and 30 June 2008 are shown in Table 3 below:

Fund Manager	Mandate	31 Mar 2008 £m	30 June 2008 £m	%
Alliance Bernstein	Less constrained global equities	96	95	8
Blackrock	Cash / inflation plus	21	21	2
Blackstone	Hedge fund of funds	39	55	5
Capital International	Global equities	115	111	9
LGIM*	Passive global equities and bonds	404	394	33
LGIM*	Bonds	185	180	15
Mirabaud	UK equities	127	125	10
Morley	Property fund of funds	109	105	9
Pantheon	Private Equity	5	8	1
Standard Life	Less constrained UK equities	90	91	8
Pension Fund	Cash	16	0	0
Total		1,207	1,185	100

*LGIM – Legal and General Investment Management

Fund Managers Quarterly Performance to 30 June 2008

4. The combined Fund achieved a gross return of –2.1% compared to its benchmark return of -1.7%, an underperformance of 0.4% for the quarter to 30 June 2008. Table 4 overleaf shows the fund managers' net performance compared to the benchmark:

Fund Manager	Mandate	Net Performance %	Benchmark %	Net Relative Return %
Alliance Bernstein	Less constrained global equities	-1.2	-1.6	0.4
Blackrock	Cash / inflation plus	0.5	2.2	-1.7
Blackstone	Hedge fund of funds	2.7	1.3	1.4
Capital International	Global equities	-3.7	-1.8	-1.9
LGIM	Passive global equities & bonds	-2.0	-2.0	0.0
LGIM	Bonds	-1.9	-1.7	-0.2
Mirabaud	UK equities	-2.2	-1.4	-0.8
Morley	Property fund of funds	-4.9	-3.2	-1.7
Pantheon (Europe)	Private Equity Fund of Funds	-11.2	-3.6	17.1
Pantheon (USA)	Private Equity Fund of Funds	-4.4	-1.8	1.0
Standard Life	Less constrained UK equities	0.4	-1.4	1.8
			-1.7	

5. For the quarter to 31 March 2008 LGIM – Alliance Bernstein, Blackstone, Pantheon (Europe), Pantheon (USA) and Standard Life outperformed their benchmarks. The performance for the private equity fund of funds managed by Pantheon should be interpreted cautiously since returns in the early years of a private equity fund's life are not generally meaningful due to accepted industry valuation standards. BlackRock, Capital International Mirabaud and Morley have underperformed their benchmarks. The LGIM – passive and active bond mandates have performed close to their benchmarks. During the period, officers have met with Alliance Bernstein, Morley, Mirabaud and Standard Life.

Quarter 2 2008 Fund Performance in the Local Authority League Tables

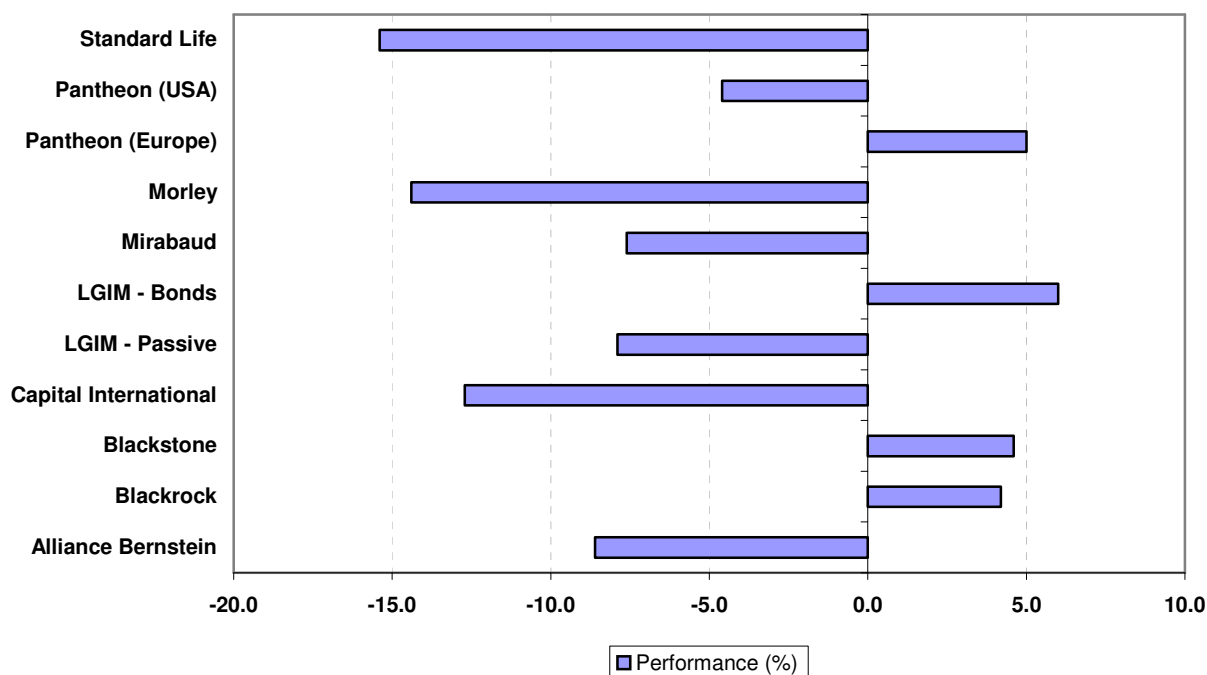
6. The Buckinghamshire Pension Fund was ranked in the 63rd percentile for the second quarter of 2008 in the WM local authority universe. In the year to 30 June 2008 the Fund was ranked 45th, over an average of 3 years to 30 June 2008 the Fund was ranked at 29th. The Fund's 5 year average is 34th percentile. The quarterly and annual performance recorded each quarter can be volatile; the three years and five years percentiles demonstrate the improving trend in the Fund's performance. Table 5 below shows the trend in the Funds quarterly, annual, 3 year and 5 year performance each quarter since Q1 2006.

	2006				2007				2008	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Quarterly	35	57	51	26	48	63	25	23	52	63
Annual	21	18	30	41	55	61	40	30	36	45
Three Years	40	41	56	50	51	56	38	34	28	29
Five Years	81	84	66	77	81	63	30	38	23	34

Fund Managers Annual Performance to 30 June 2008

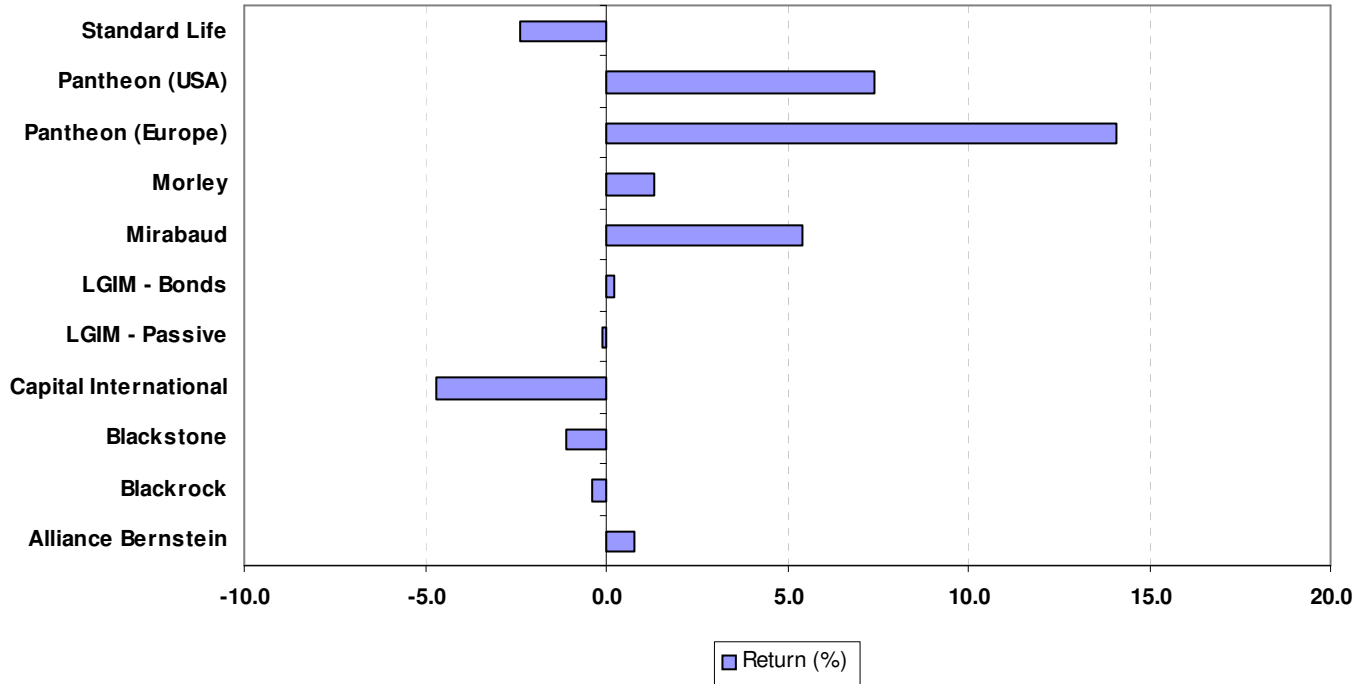
7. In the year to 30 June 2008 the combined Fund achieved a gross return of -7.2% compared to its benchmark return of -7.0% , an underperformance of 0.2% . Most mandates generated a negative return for the year reflecting the downturn in the equity and commercial property markets. Pantheon(Europe), LGIM –bonds, Blackstone and BlackRock generated positive annual returns.

Graph 1 - Fund Managers' Net Annual Performance



8. Graph 2 (overleaf) shows the fund managers' performance after fees over the previous 12 months against their benchmark. Morley, Mirabaud, BlackRock and Alliance Bernstein have outperformed their benchmarks. Standard Life, Capital International, Blackstone and BlackRock have underperformed their benchmarks. LGIM – passive which tracks the changes in the equity and bond markets has matched its benchmark and LGIM – bonds mandate has generated an annual return similar to its benchmark.

Graph 2 - Fund Managers' Net Annual Relative Return

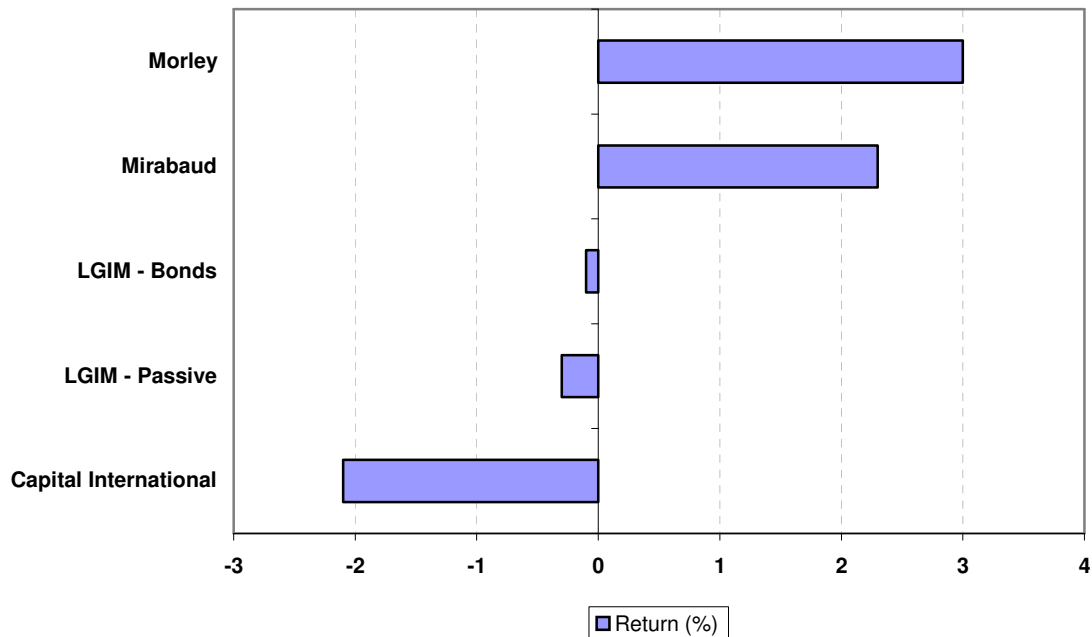


Fund Managers Three Year Performance to 30 June 2008

9. The Fund achieved a return gross of fees of 7.2% per annum in the 3 years to 30 June 2008 outperforming its benchmark by 0.3% for that period.

10. Graph 3 shows the fund managers' gross performance over the previous three years against their benchmark, three years is a pension industry standard timescale for performance comparisons. Over the three years Morley has outperformed its benchmark of 5.1% by 3.0%, Mirabaud has outperformed its benchmark of 7.2% by 2.3%, LGIM – active bonds has matched its 2.6% benchmark, LGIM – passive has underperformed its benchmark of 8.3% by 0.3% and Capital International has underperformed its benchmark of 11.8% by 1.6%.

Graph 3 - Fund Managers' 3 Year Relative Return



11. Summary

Members should note that the Alliance Bernstein mandate has underperformed by 1.2% since inception, although the mandate has outperformed by 0.8% in the year to 30 June 2008. The Standard Life mandate has underperformed by 2.4% in the year to 30 June 2008; however, the mandate has outperformed by 2.6% since inception. Capital International has underperformed by 4.7% in the year to 30 June 2008 and has underperformed by 2.3% over the 3 year time horizon. No fund manager has achieved four consecutive quarters of underperformance.

Actuarial Valuation Update

12. The recent triennial valuation as at 31 March 2007 showed an improvement in the funding level to 81% with an average required employer contribution of 19.2%. Members have requested an annual update on the actuarial valuation position. The Fund's Actuary Barnett Waddingham has estimated that the funding level as at 31 March 2008 is 80% and the average required employer contribution would 18.9% of payroll (although we are not permitted to change employer contributions between triennial valuations other than in exceptional circumstances). To determine the current financial position, the Actuary projects forward the last published triennial valuation results allowing for investment returns achieved, contributions paid into the Fund, benefits paid from the Fund and changes in market conditions such as bond yields and inflation expectations.
13. We anticipate that many other LGPS funds will experience a more significant reduction in the funding level and therefore our outturn is positive in this context. However, our Actuary applies a smoothing principle to ensure that valuations undertaken during periods of market volatility report a more representative outcome of the longer term funding position. Officers will be meeting the Actuary to discuss the detail of this.

C. Resource Implications

Not applicable.

D. Legal Implications

None.

E. Other implications / issues

The underlying performance issues will be addressed when the Fund's revised Investment Strategy is implemented over the following months.

F. Feedback from consultation and Local Member Views

Not applicable.

G. Communication Issues

A performance update is reported six monthly to the Pension Fund Consultative Group and annually to the Pension Fund's employers. Members of the Pension Fund Committee are advised of quarterly performance prior to Committee meetings through the confidential Member newsletter and then formally at subsequent meetings.

H. Progress Monitoring

To be reviewed by Pension Fund Committee quarterly.

I. Background Papers

None.



Report to Pension Fund Consultative Group

Title: Pension charges on divorce

Date: 15th October 2008

Author: Pensions Manager

Contact Officer: Julie Vrondis 01296 382328

Summary

The charges applied by the pension team for processing work in relation to a member who is divorcing were set in 2000. These need to be reviewed.

Recommendation

Members are asked to:

Consider the current charging structure, which was set in 2000 and agree the suggested revised charges. Charges will be reviewed annually.

A. Supporting information:

The Welfare Reform & Pensions Act 1999 gave powers to the Court to split pension rights between husband and wife on divorce for divorce or annulment filed on or after 1 December 2000.

The basic concept is to separate the ex-spouse's benefit entitlement (as specified in the Court Order) from the pension scheme member's, so that there is a 'clean break'. A Pension Sharing Order is issued that creates a Pension Credit Member (the ex-spouse) and a Pension Debit Member (the member). The Pension Credit is based on the member's Cash Equivalent Transfer Value (CETV). The Credit will be a percentage of the CETV, not a fixed sum of money.

Schemes are permitted to charge for dealing with the administration of pension sharing. Basically the cost involved in administering pension sharing should not be borne by the scheme, other members or the taxpayer. The scheme must supply a schedule of charges to the couple involved on their first enquiry. The National Association of Pension Funds (NAPF) produces a table of recommended charges to be used as a guide to the industry. This is attached.

Appendix I to this report shows the NAPF suggested charging schedule. Appendix II shows our proposal and Appendix III is our current charging structure.

B. Other options available, and their pros and cons

N/A

C. Resource implications

The recommendation would ensure Pension services are charged at an appropriate rate.

D. Legal implications

Schemes are permitted to charge for dealing with the administration of pension sharing on divorce, if charges are not made the cost will be borne by the scheme.

E. Other implications/issues

There are none.

F. Feedback from consultation and Local Member views

Not Applicable

G. Communication issues

The schedule of charges will be sent to the member when they make their initial request for a CETV.

H. Progress Monitoring

Charges should be reviewed annually each November.

Background Papers

1. Current suggested charges from the National Association of Pension Funds (NAPF) (attached)
 2. The suggested new charges (attached)
 3. The charging structure currently used (attached)
-

Pension sharing costs for active and deferred members

Step	Lower limit	Upper limit	Notes
Produce CETV quotation	£0	£0	<ol style="list-style-type: none"> 1. This is a standard entitlement under regulations 2. CETV refers to "Cash Equivalent Transfer Value" – the value of pension rights from the scheme.
Additional CETV quotations	£150	£200	Any more than one quotation a year can be charged for.
Provision of other information	£0	Up to £250	Information which does not have to be provided free may be charged for. Cost will depend upon the nature and complexity of the enquiry.
Processing a Pensions Sharing Order (PSO) – internal transfer, in DB or hybrid scheme	£1,950	£2,350	Includes allowance for future scheme admin costs of approximately £1,000.
Processing a Pensions Sharing Order (PSO) – internal transfer, DC scheme	£1,800	£2,200	It is recommended that if trustees will pay for annuity purchase advice on retirement an extra £500 can be charged.
Processing a Pensions Sharing Order (PSO) – external transfer, DB or hybrid scheme	£1,100	£1,550	
Processing a Pensions Sharing Order (PSO) – external transfer, DC scheme	£1,050	£1,450	

Pension sharing costs for pensions in payment

Step	Lower limit	Upper limit	Notes
Produce CETV quotation	£500	£800	There is no entitlement to this information under regulations
Additional CETV quotations	£500	£800	There is no entitlement to this information under regulations
Provision of other information	£0	Up to £250	Information which does not have to be provided free may be charged for. Cost will depend upon the nature and complexity of the enquiry.
Processing a Pensions Sharing Order (PSO) – internal transfer, in DB or hybrid scheme	£2,000	£2,550	Includes recalculation of CETV and recovery of pension arrears if the full amount is paid for a time after the pension sharing order.
Processing a Pensions Sharing Order (PSO) – external transfer	£1,300	£1,900	

Charging Schedule for Active and Deferred Members of the Buckinghamshire Pension Scheme for Pensions Sharing on Divorce

Procedure	Comments	Cost
Produce a Cash Equivalent Transfer Value (CETV) Quotation	This is a standard entitlement. All members who have at least three months in the scheme or have less than three months but have transferred in previous service are entitled to one free quote every twelve months	£0.00
Produce a Cash Equivalent Transfer Value (CETV) Quotation	In respect of the following categories <ul style="list-style-type: none"> • Members with less than three months membership in the scheme and who have not transferred in previous pension rights • Members who have attained age 60 at the date of the request for the transfer value • Members who will attain age 60 within the next 12 months • Members who request a second CETV in a 12 month period 	£150.00
Provision of other information	General scheme information	£0.00
Provision of other information	Information which does not have to be provided free may be charged for. Cost will depend upon the nature and complexity of the enquiry.	Up to £250.00
Receipt of Pension Sharing on Divorce Order	To cover all areas of administration costs from receipt of order to the completion of the pension payments	£1000.00
Objections to the Pension Order by the Scheme	This may occur where incorrectly drafted orders are received which may result in delays or inability of the pension scheme administrators to carry out the order	All costs associated with dealing with these cases will be passed on
Administration Costs in respect of an Additional Voluntary Contributions	To cover the work carried out by the AVC provider	This will be determined at the time of each case by the provider

Methods of Payment

Payment can be made in one of the following ways:

- Payment up front by the member or the members' spouse
- Payment of part of the fee up front by the member or the members' spouse and the balance being deducted from the cash equivalent transfer granted to the spouse by the court
- By deducting the full payment due from the cash equivalent transfer that has been granted to the spouse by the court
- If the member also has an Additional Voluntary Contribution fund then full payment can be made by deducting the fee due from any share of the AVC fund that has been allocated to the members' spouse

Please note that the methods of payment may be over ruled by instructions specified in a Court Order and all payments will be subject to VAT.

Charging Schedule for people receiving a pension from the Buckinghamshire Pension Scheme for Pensions Sharing on Divorce

Procedure	Comments	Cost
Produce a Cash Equivalent Transfer Value Quotation	There is no entitlement to this information under the Regulations	£500.00
Provision of other information	General scheme information	£0.00
Provision of other information	Information which does not have to be provided free may be charged for. Cost will depend upon the nature and complexity of the enquiry.	Up to £250.00
Receipt of Pension Sharing on Divorce Order	This includes recalculation of the CETV and recovery of pension arrears if the full amount is paid for a time after the pension sharing order	£1000.00
To make a transfer payment out of the scheme to another pension arrangement	This includes recalculation of the CETV and recovery of pension arrears if the full amount is paid for a time after the pension sharing order	£1000.00
Administration Costs in respect of an Additional Voluntary Contribution fund	To cover the work carried out by the AVC provider	This will be determined at the time of each case by the provider

Methods of Payment

For a CETV quotation, the payment should be made in line with the payment details on the enclosed invoice

Payment can be made in one of the following ways:

- Payment up front by the member or the members' spouse
- Payment of part of the fee up front by the member or the members' spouse and the balance being deducted from the cash equivalent transfer granted to the spouse by the court
- By deducting the full payment due from the cash equivalent transfer that has been granted to the spouse by the court
- If the member also has an Additional Voluntary Contribution fund then full payment can be made by deducting the fee due from any share of the AVC fund that has been allocated to the members' spouse

Please note that the methods of payment may be over ruled by instructions specified in a Court Order and all payments will be subject to VAT.

Charging Schedule for Active and Deferred Members of the Buckinghamshire Pension Scheme for Pensions Sharing on Divorce

Procedure	Comments	Cost
A) Cash Equivalent Transfer Value Quotation	All members who have at least three months in the LGPS or have less than three months but have transferred in previous service are entitled to one free quote every twelve months	£0.00
B) Cash Equivalent Transfer Value Quotation	In respect of the following categories <ul style="list-style-type: none"> • Member with less than three months membership in the LGPS and have not transferred in previous pension rights • Member attained age 60 at the date of the request for the transfer value • Member who will attain age 60 within the next 12 months • A second request for a transfer value quote in a 12 month period • Completion of Form E, or the provision of Form E information 	£75.00
C) Provision of other information	General scheme information regarding the LGPS	£0.00
D) Provision of information	Provision of further information if the member is age 60 or will attain age 60 within 12 months of the date of the request	£50.00
E) Receipt of Pension Sharing on Divorce Order	To cover all areas of administration costs from receipt of order to the completion of the pension payments	£300.00
F) Objections to the Pension Order by the Scheme	This may occur where incorrectly drafted orders are received which may result in delays or inability of administrators to carry out the order	The Scheme will notify the member/solicitor that cost for dealing with these cases will be passed on
G) Administration Costs in respect of an Additional Voluntary Contribution Account	To cover the work carried out by the AVC provider	This will be determined at the time of each case by the provider

Methods of Payment

In any other circumstances the payment can be made in one of the following ways:

- Payment up front by the members' spouse
- By the payment of part of the fee up front by the members' spouse and the balance being deducted from the cash equivalent transfer granted to the spouse by the court
- By deducting the full payment due from the cash equivalent transfer that has been granted to the spouse by the court
- If the member also has an Additional Voluntary Contribution Scheme then full payment can be made by deducting the fee due from any share of the AVC fund that has been allocated to the members' spouse

Please note that the methods of payment may be over ruled by instructions specified in a Court Order and all payments will be subject to VAT.

Charging Schedule for people receiving a pension from the Buckinghamshire Pension Scheme for Pensions Sharing on Divorce

Procedure	Comments	Cost
A) Assess the value of the pension in payment, including any contingent benefits	To cover administration costs to assess the cash equivalent value and other benefits	£200.00
B) Administration costs for medical purposes	This is to cover the collection and interpretation of medical evidence	The scheme assumes that the charges for the supply of medical evidence will be met by the divorcing couple
C) Establish a new pensioner record on receipt of pension sharing order	This will also include all record keeping etc. for the future	£400.00
D) To make a transfer payment out of the LGPS to another pension arrangement	This assumes that all documentation is received and in place	£200.00
E) Administration Costs in respect of an Additional Voluntary Contribution Account	To cover the work carried out by the AVC provider	This will be determined at the time of each case by the provider

Methods of Payment

In procedure A above the payment should be made in line with the payment details on the enclosed invoice

In any other circumstances the payment can be made in one of the following ways:

- Payment up front by the members' spouse
- By the payment of part of the fee up front by the members' spouse and the balance being deducted from the cash equivalent transfer granted to the spouse by the court
- By deducting the full payment due from the cash equivalent transfer that has been granted to the spouse by the court
- If the member also has an Additional Voluntary Contribution Scheme then full payment can be made by deducting the fee due from any share of the AVC fund that has been allocated to the members' spouse

Please note that the methods of payment may be over ruled by instructions specified in a Court Order

All payments will be subject to VAT.



Report to Pension Fund Consultative Group

Title: Pensions Administration Performance

Date: 15th October 2008

Date Decision can be implemented: n/a

Author: Principal Pensions Officer

Contact Officer: Chris Thompson 01296 382833

Summary

The pensions admin team have a customer charter (<http://www.buckscc.gov.uk/bcc/content/index.jsp?contentid=-1901867351>) outlining their commitment to turning work around within certain timescales. All post and requests for information are logged daily and reported on monthly to monitor the percentage of work that is not completed within the prescribed time limits.

Details of the work performance statistics for the last 12 months are presented below. The Pension Fund Consultative Group are required to monitor the performance of the Pensions Administration Team.

Recommendation

Members are asked to:

PFCG are asked to NOTE the performance statistics of the team.

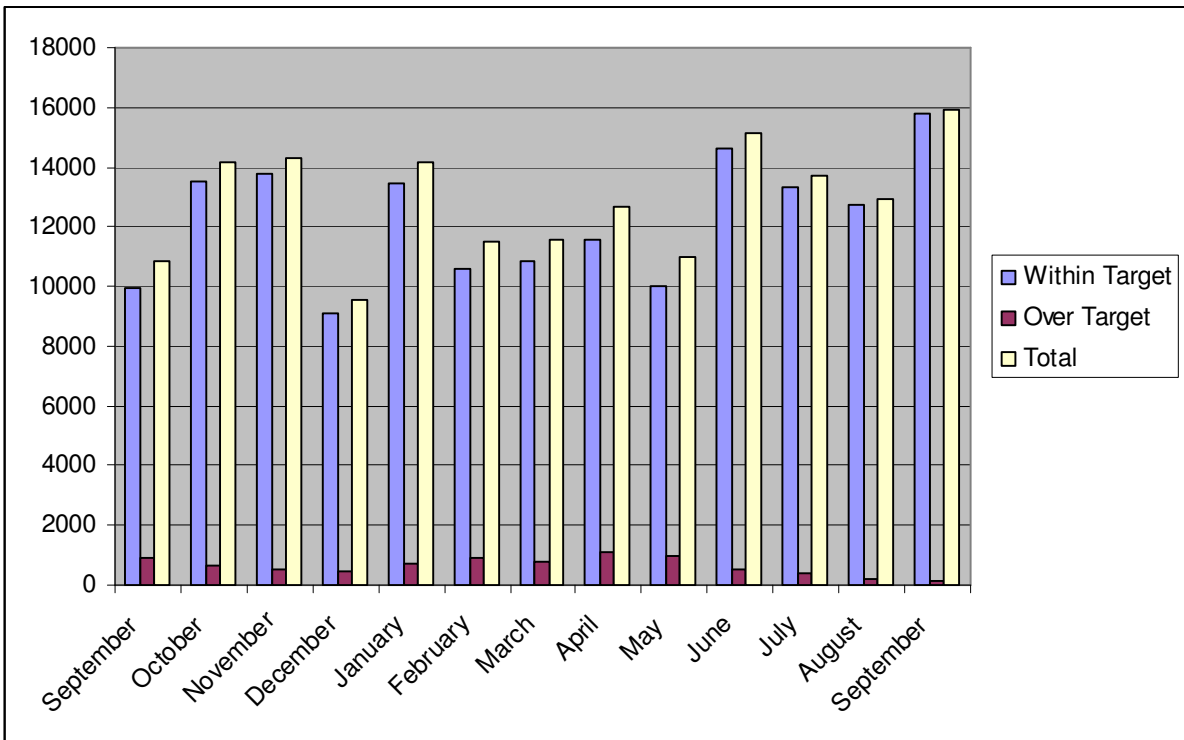
A. Supporting information:

Workload statistics for the year to September 2008 are presented below. In the past twelve months the section has seen the implementation of the new Pension Scheme. Despite expectations, this did not see a significant increase in the number of queries received and this can be in part attributed to the successful communication of the changes to scheme members and employers.

Workloads have remained high over the past year with a significant increase taking place in June 2008. A large proportion of this increase was due to the start of the annual year end process.

Despite the large increase and the consistently high volume of work since June the additional work has been absorbed. We have also seen a significant downward movement in the number of daily tasks being completed over target. For example in September 2008 the total was less than 1% of total work.

	Within Target	Over Target	Total	% over target
September	9962	882	10844	8.13%
October	13506	660	14166	4.66%
November	13792	524	14316	3.66%
December	9068	477	9545	5.00%
January	13434	713	14147	5.04%
February	10606	900	11506	7.82%
March	10820	759	11579	6.55%
April	11543	1102	12645	8.71%
May	9985	965	10950	8.81%
June	14619	539	15158	3.56%
July	13303	390	13693	2.85%
August	12743	219	12962	1.69%
September	15805	114	15919	0.72%



B. Other options available, and their pros and cons

N/A

C. Resource implications

The Pensions Administration team is funded by the Pension Fund.

D. Legal implications

It is a statutory obligation for the County Council to provide a Pensions Service on behalf of Scheme employers.

E. Other implications/issues

There are none.

F. Feedback from consultation and Local Member views

None



Report to Pension Fund Consultative Group

Title: CIPFA Benchmarking Club

Date: 15th October 2008

Date Decision can be implemented: N/A

Author: Principal Pensions Officer

Contact Officer: Claire Perry 01296 383713

Electoral Divisions Affected: N/A

Portfolio Areas Affected: All

Summary

The County Council participates in the CIPFA Benchmarking Club. Data is submitted annually and the council is measured against the other Authorities participating in the club

Recommendation

Members are asked to:

Consider and comment on the summary data attached at Appendix A.

A. Supporting information:

The County Council has participated in the CIPFA Benchmarking Club for 8 years. Each year data is supplied based on cost measures, workload measures, staff related measures and Industry Standard Performance Indicators. Data supplied includes the numbers of new entrants to the scheme, early leavers, retirements and deaths; details of how many calculations are processed; staffing information such as salary and pensions experience.

This data is then assessed and compared with the other Authorities. The data is confidential and no other Authority may be identified. Our data is high lighted in black

B. Other options available, and their pros and cons

N/A

C. Resource implications

N/A

D. Legal implications

There is no legal requirement to participate; membership of the Club ensures that the BCC pension fund statistics are checked annually and that we continue to compare favourably with other Authorities.

E. Other implications/issues

There are none.

F. Feedback from consultation and Local Member views

Not Applicable

G. Communication issues

The data is confidential, should only be shared with those Authorities who participate.

H. Progress Monitoring

The data is assessed annually

Background Papers

Appendix A: 2007/2008 report comparing all Authorities.

CIPFA
IPF

**Pensions Administration
Benchmarking Club
2008**

Buckinghamshire County Council

compared with

All members

*Computed and printed by IPF:
The Institute of Public Finance Limited
No. 1 Croydon, 12-16 Addiscombe Road, Croydon, CR0 0XT
Tel: 020 8667 1144 Fax: 020 8681 6741*

PREFACE

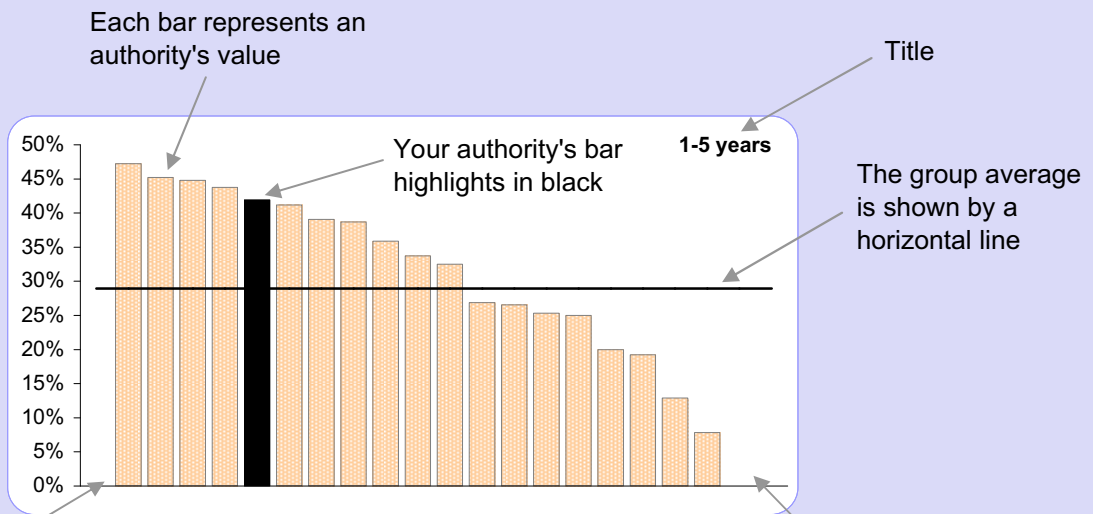
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

Averages: Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

Charts: We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc...). Below we have annotated an example chart to help explain what they are showing.

Bar Charts: These are our standard method of displaying a full set of data



'Missing bars' on the left represent missing data or excluded data and are not included in calculating the average

Staff experience			
	FTE	%	Avg
< 1 year	1.5	10%	9%
1-5 years	6.5	42%	29%
5-10 years	3.5	23%	21%
> 10 yrs	4.0	26%	41%
Total	15.5		

'Missing bars' on the right represent zero values and are included in the average

INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into six sections.

	Page
1 Cost Measures	1
2 Workload Measures	4
3 Staff Related Measures	12
4 Industry Standard Performance Indicators	16
5 Comparison with Private Sector } <i>final reports only</i>	17
6 Timeseries	18

Section 1 - Cost Measures

This section concentrates on cost/member ratios starting with total cost/member which is then broken down by staff costs, payroll costs, direct costs, overheads and income. Further analysis of direct costs and overheads is also given.

Section 2 - Workload Measures

The first measure of workload is the number of members in the scheme, which is shown along with a breakdown by class of membership. This is followed by an analysis of the number and type of LGPS employers.

Other workload measures include:

- joiners and leavers with an full analysis of the various types of retirements
- provision of estimates and actual calculations
- AVC and added years
- appeals
- non-statutory communications to active members.

Section 3 - Staff Related Measures

The measures included here are an analysis of staff numbers by pay band, sickness absence, pensions work experience, staff qualifications and staff turnover.

Section 4 - Industry Standard Performance Indicators

In this section we show how authorities perform against each of the LGPC performance indicators.

Section 5 - Comparison with Private Sector (final report only)

This shows members' costs and averages compared to private sector averages for in-house and externally managed pension schemes. The external data is taken from the Capita Hartshead Annual Pension Scheme Admin Survey 2008.

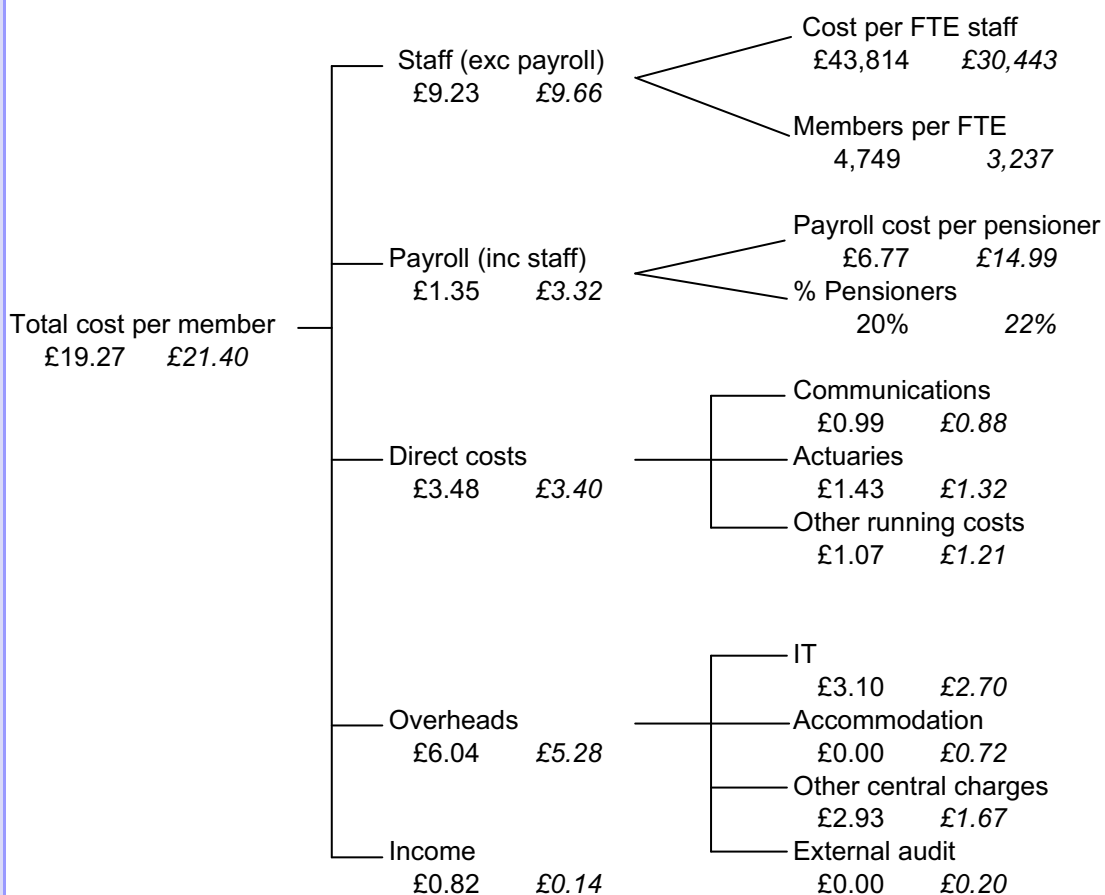
Section 6 -Timeseries

This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

SECTION 1 - COST MEASURES

COST/MEMBER TREE 2007/08

This tree diagram analyses the cost per member. For each benchmark two figures are given the first being the authority's cost and the second (in italics) is the group average.



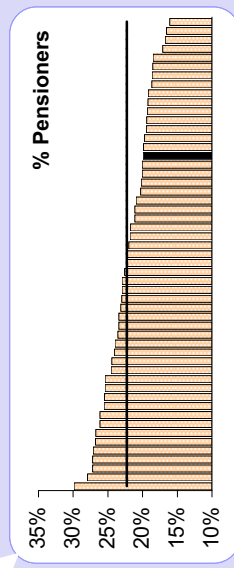
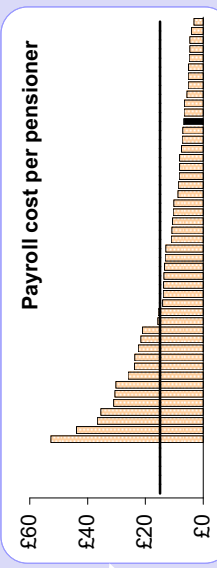
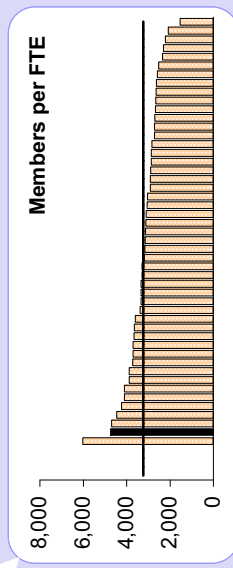
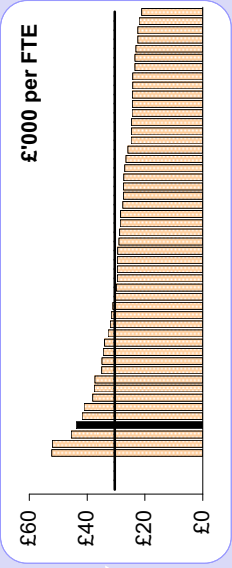
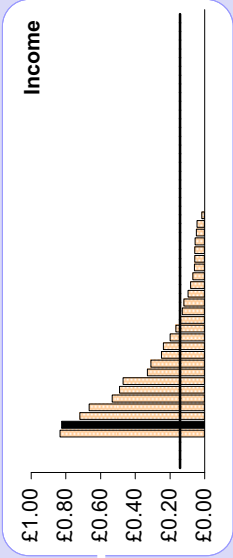
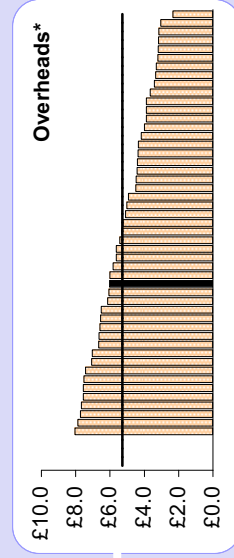
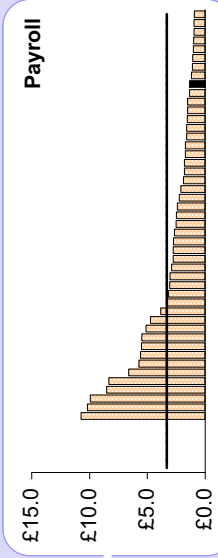
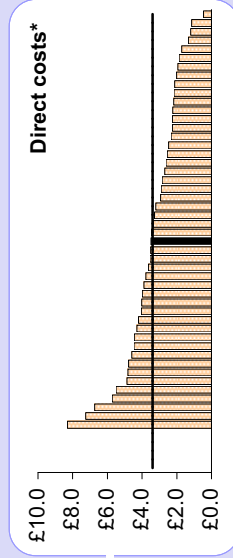
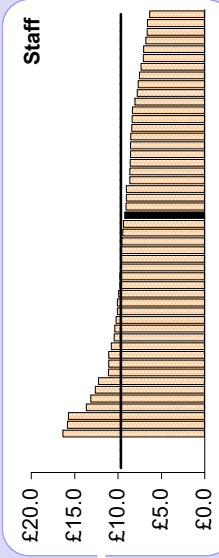
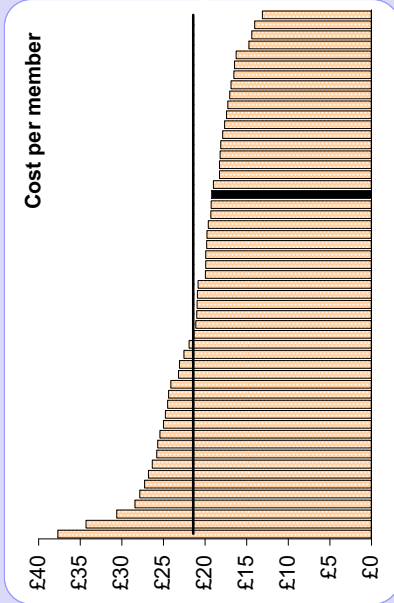
FTE staff	
Pension Section total	15.7
<i>less</i>	
IT staff	2.0
Payroll staff	1.5
Communications staff	1.0
Employing authority work	1.0
Work for other schemes	0.5
Other work	-
Admin of LGPS	9.7

Scheme membership	
	No.
Active full-time	9,429
Active part-time	9,859
Active total	19,288
Deferred	13,333
Pensioners	9,184
Dependants	1,580
Frozen refunds	1,722
Leavers unprocessed	955
Total	46,062

Costs £'000	
	£'000
Pension Section total	971
<i>less</i>	
Employing authority work	55
Work for other schemes	28
Other work	-
Admin of LGPS	888

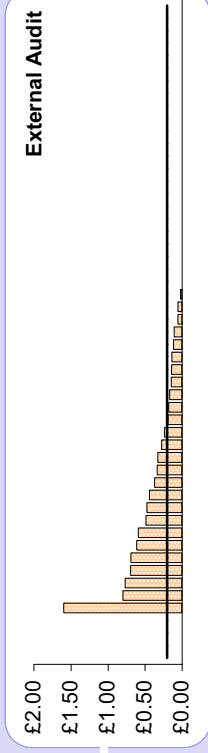
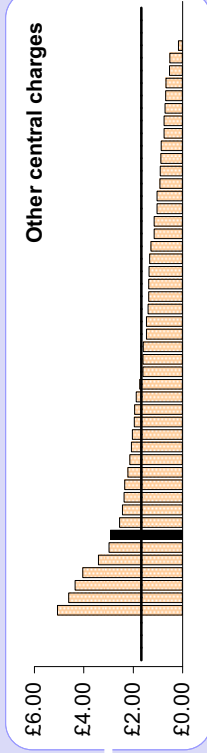
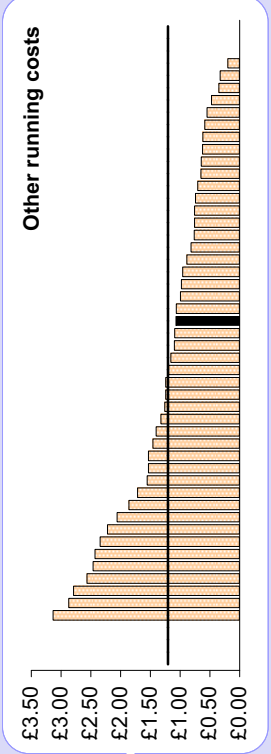
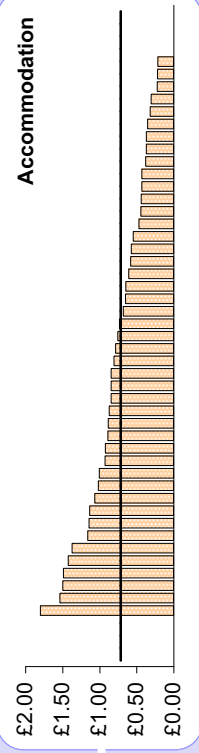
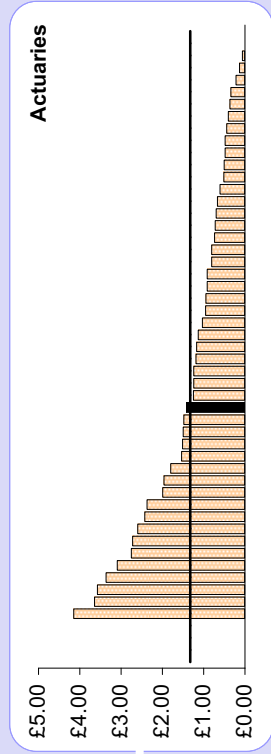
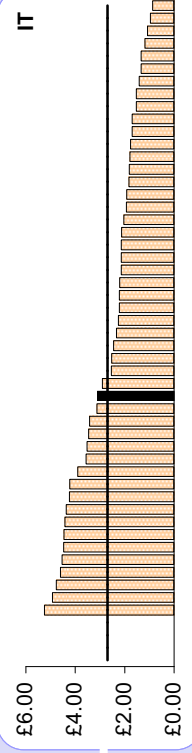
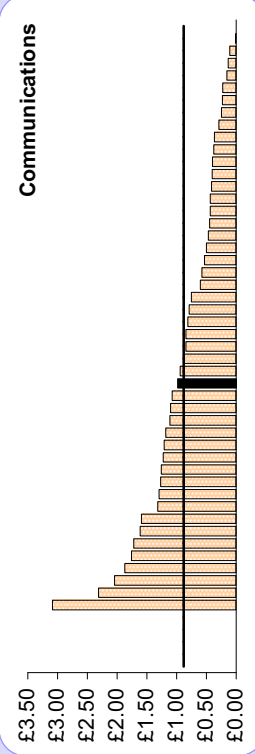
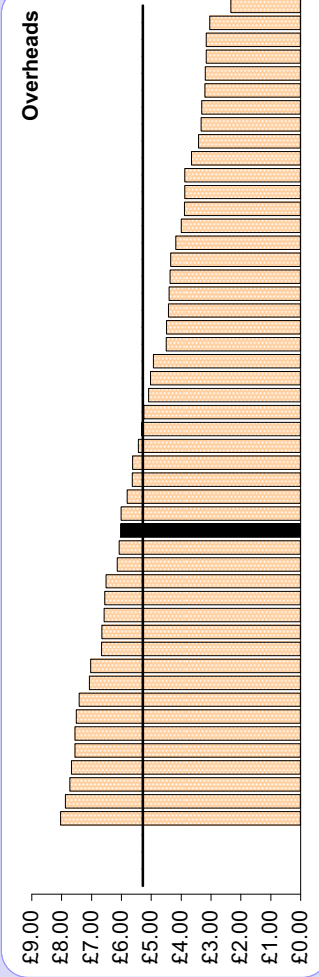
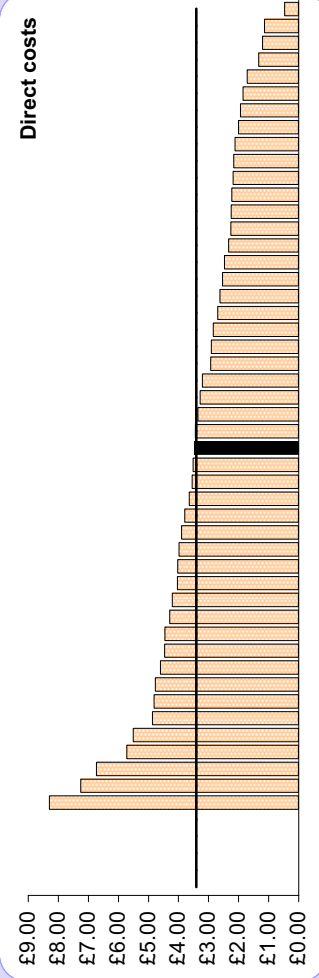
Admin of LGPS costs	
	£'000
Staff - administration	425
Staff - payroll	26
Payroll	37
Communications	45
Actuaries	66
External audit	-
Other running costs	49
IT	143
Accommodation	-
Other central charges	135
Income	38
Total	888

COST PER MEMBER 2007/08



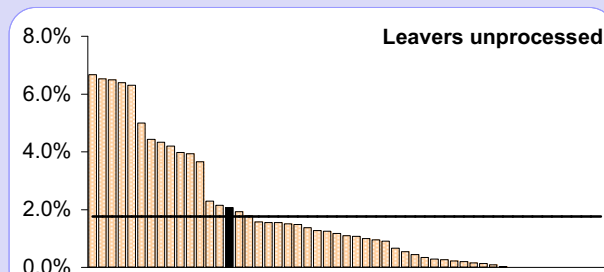
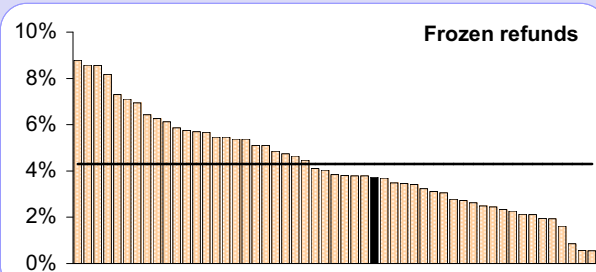
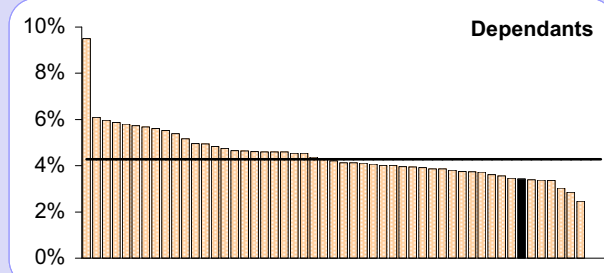
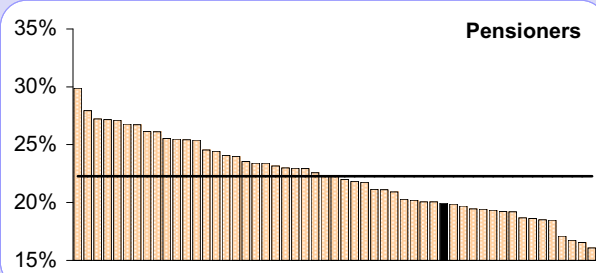
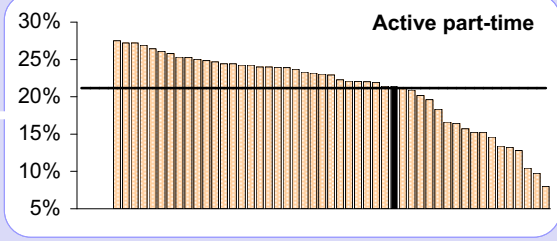
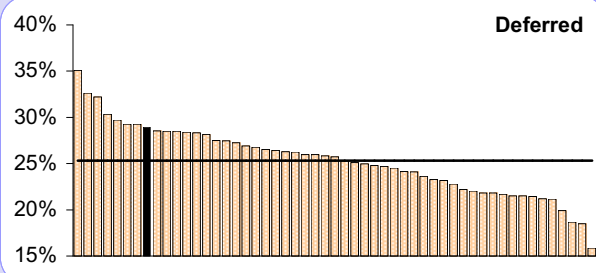
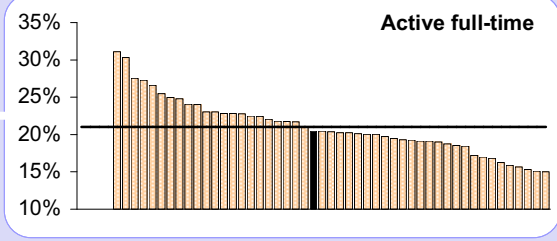
* For breakdown of direct costs and overheads see overleaf

COSTS PER MEMBER - Direct costs & overheads 2007/08



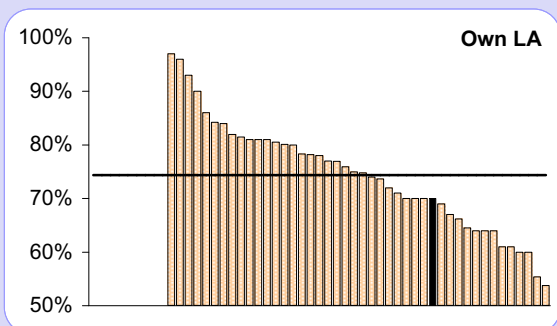
SECTION 2 - WORKLOAD MEASURES

COMPOSITION OF MEMBERS AS AT 31/03/08



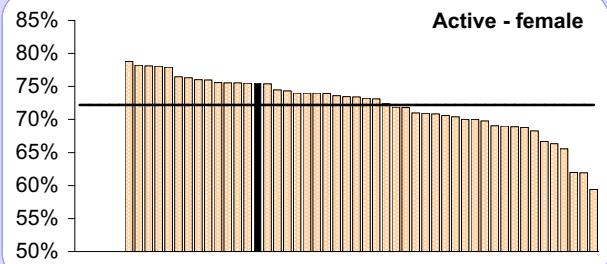
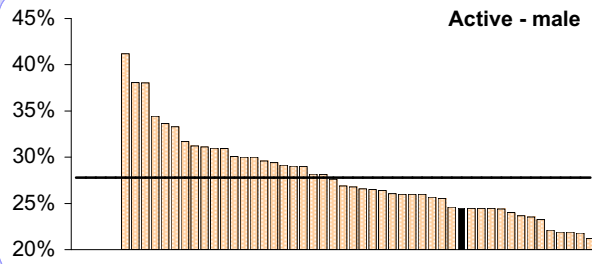
Composition of members			
	No.	%	Avg
Active:			
- full-time	9,429	20%	21%
- part-time	9,859	21%	21%
- sub-total	19,288	42%	42%
Deferred	13,333	29%	25%
Pensioners	9,184	20%	22%
Dependants	1,580	3%	4%
Frozen refunds	1,722	4%	4%
Leavers unprocessed	955	2.1%	1.8%
Total	46,062		

LGPS members as % eligible employees



Buckinghamshire 70% Avg 74%

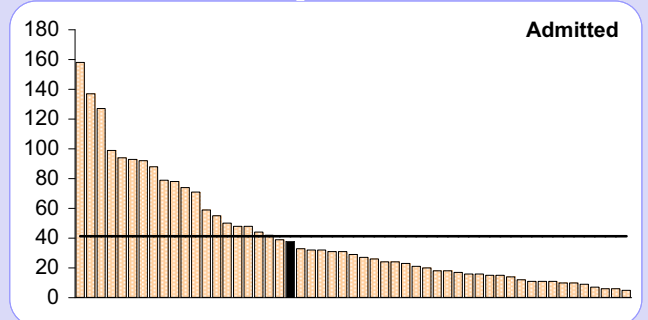
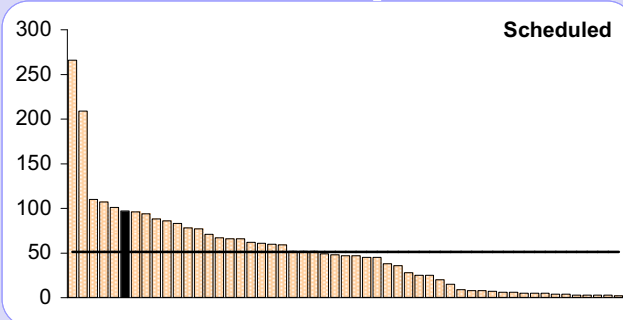
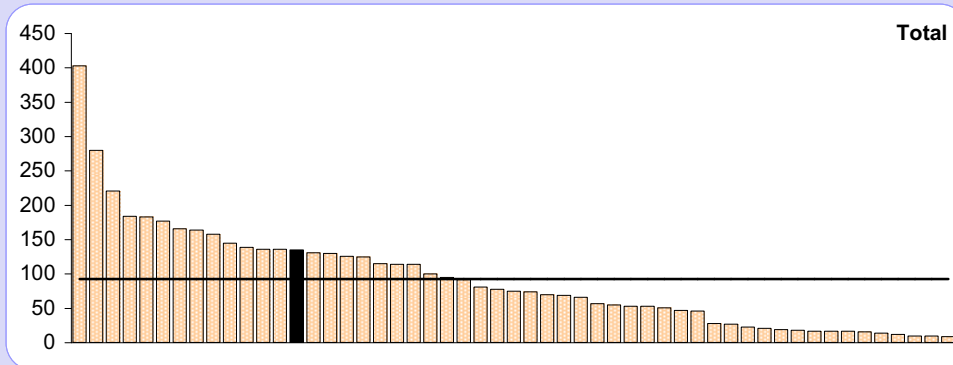
COMPOSITION OF MEMBERS AS AT 31/03/08



Composition of active members			
	No.	%	Avg
Male	4,725	24%	28%
Female	14,566	76%	72%

Elected members		
	No.	Avg
	12	42

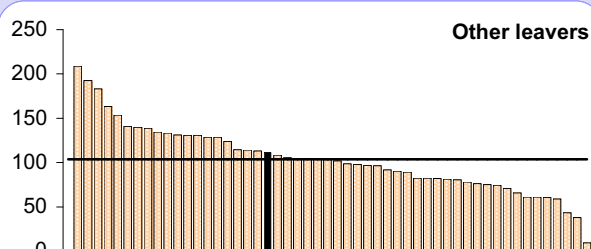
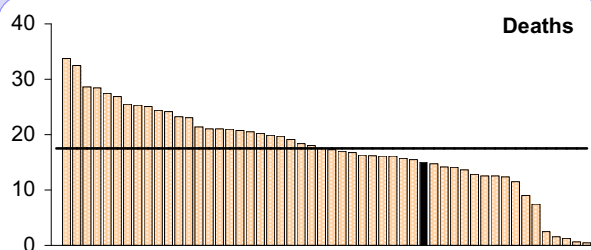
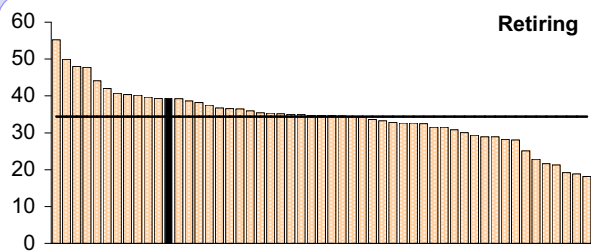
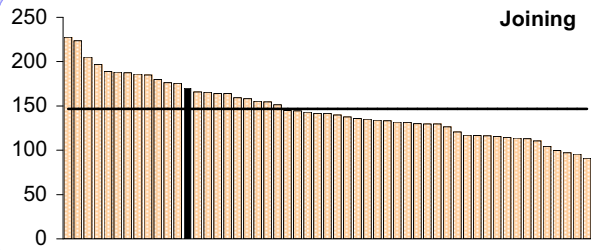
NUMBER OF LGPS EMPLOYERS AS AT 31/03/08



LGPS employers (31/3/08)						
	No.	Avg	of which:	No.	%	Avg
Scheduled	97	51	Local Authorities	59	61%	26%
Admitted	38	41	Ext. contractors	13	34%	26%
Total	135	92				

Employer changes 2007/08						
	No.	Avg	of which:	No.	%	Avg
Applying	-	5	Ext. contractors	-	na	46%
Admitted	-	4	Ext. contractors	-	na	57%
Leaving	-	1	Ext. contractors	-	na	41%

JOINERS & LEAVERS (per '000 active members)

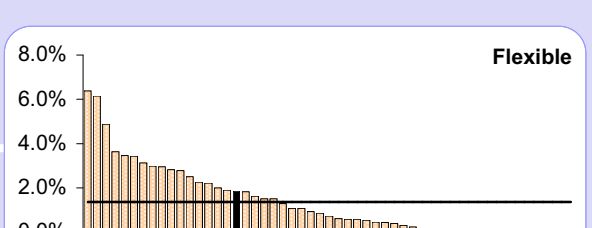
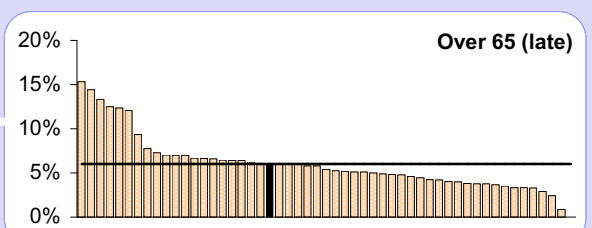
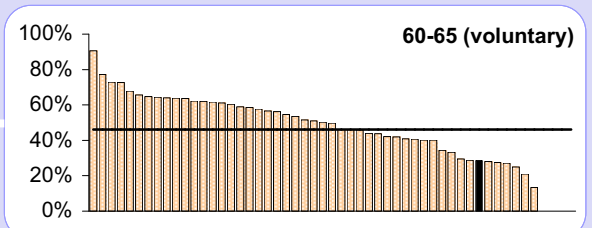
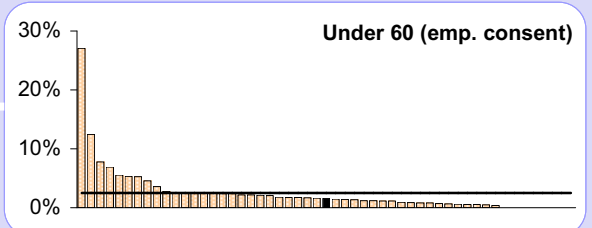
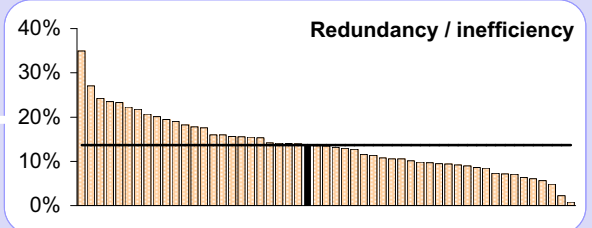
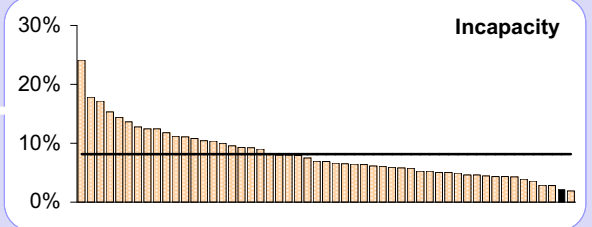
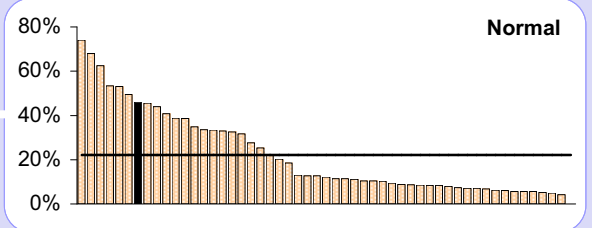


Joiners & leavers (per '000 active members)

	No.	/1000	Avg
Joining	3,280	170	147
Retiring	758	39	34
Deaths	290	15	18
Other leavers	2,145	111	104

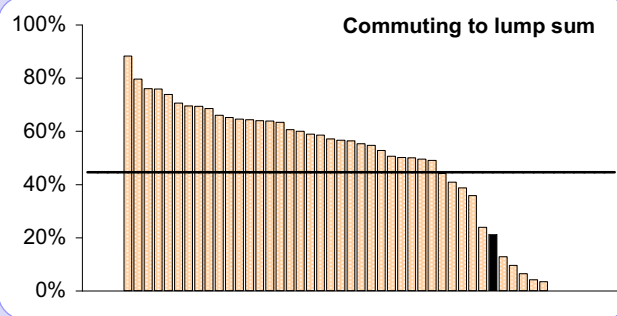
Retirements

	No.	%	Avg
Normal	349	46%	22%
Incapacity	16	2%	8%
Redundancy / inefficiency	104	14%	14%
Under 60 (emp. consent)	12	2%	3%
60-65 (voluntary)	217	29%	46%
Over 65 (late)	46	6%	6%
Flexible	14	1.8%	1.4%



RETIREMENTS

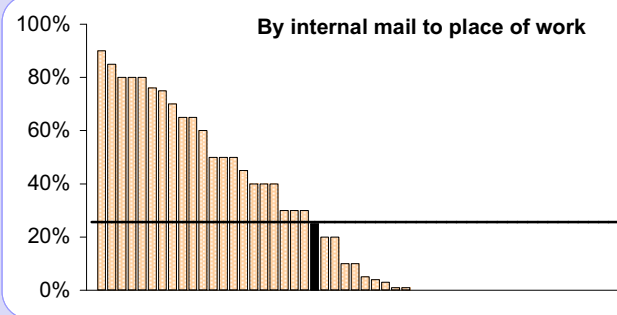
Retirements communting to lump sum



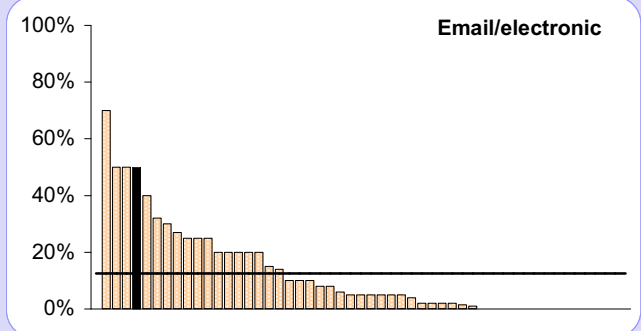
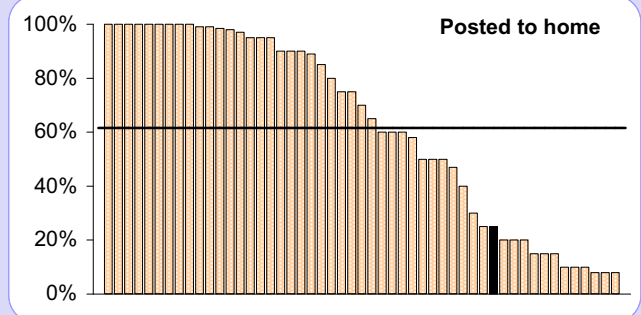
Retirements	Number	% total	Avg
	162	21%	45%

COMMUNICATIONS

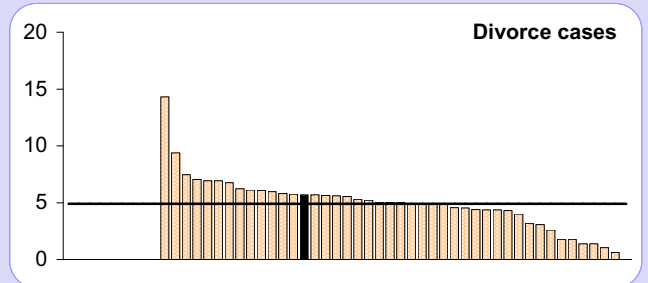
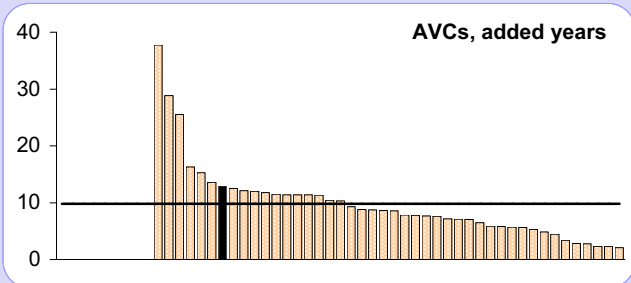
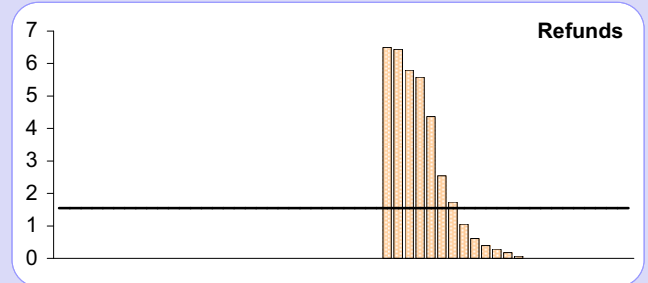
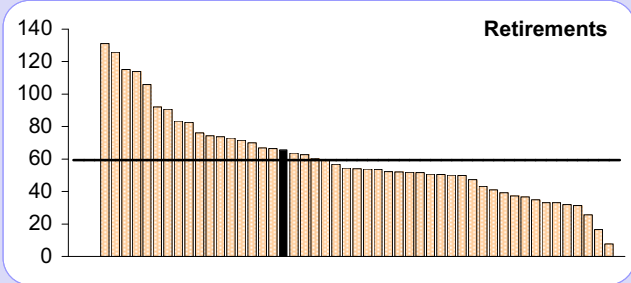
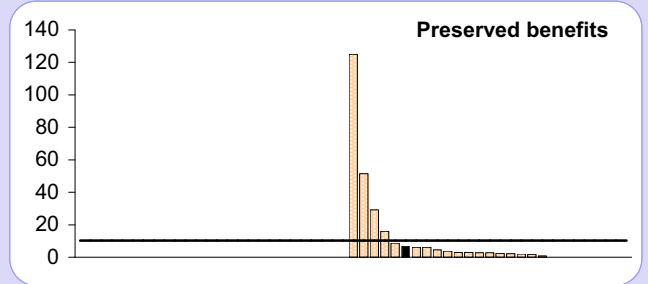
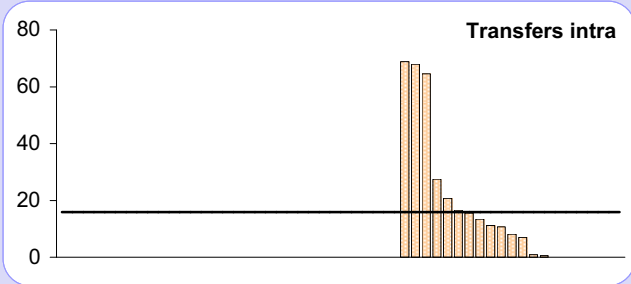
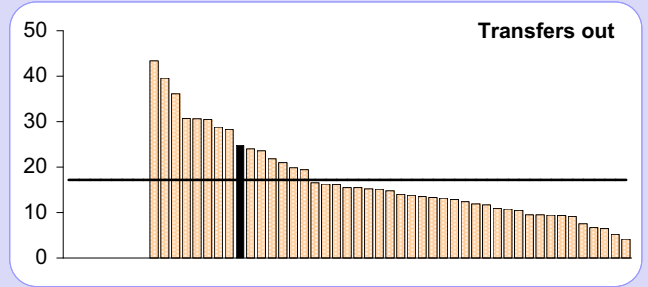
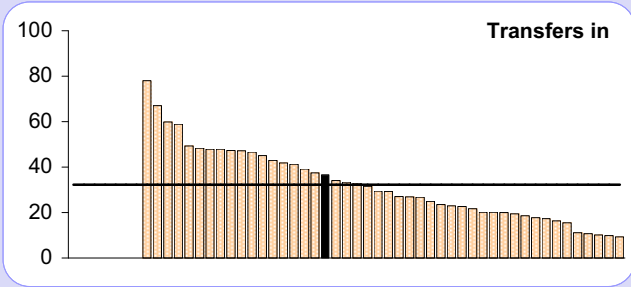
Communications to members



Method of distribution	Authority	Avg
To place of work	25%	26%
Posted to home	25%	62%
Email/electronic	50%	12%
Other	0%	0%



PROVISION OF ESTIMATES (per '000 active members)

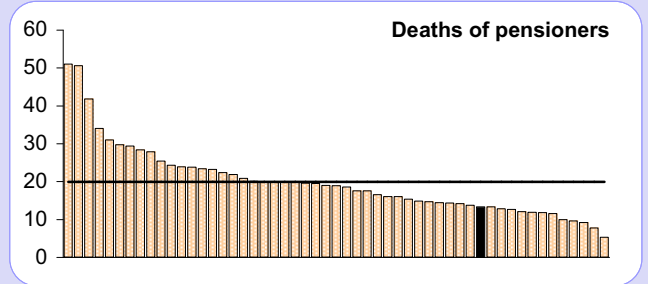
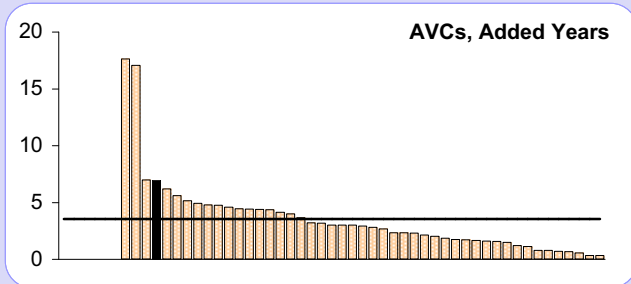
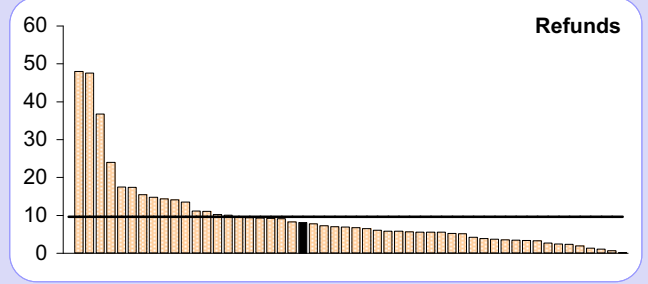
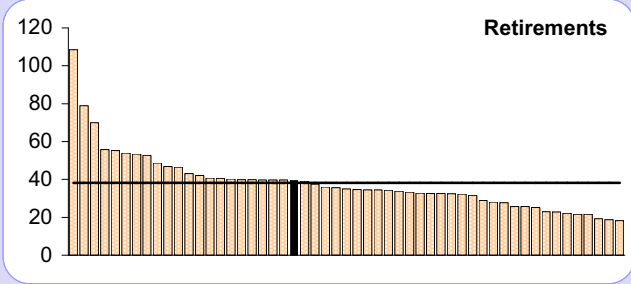
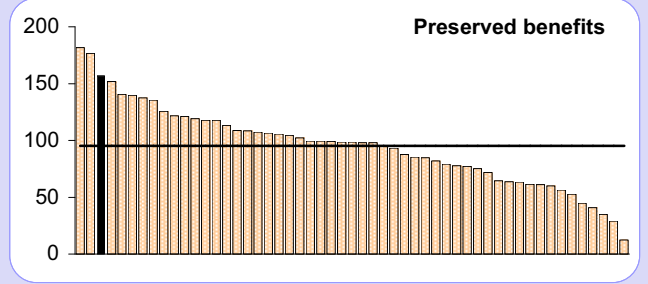
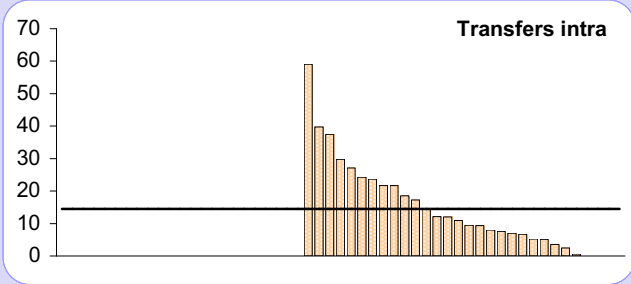
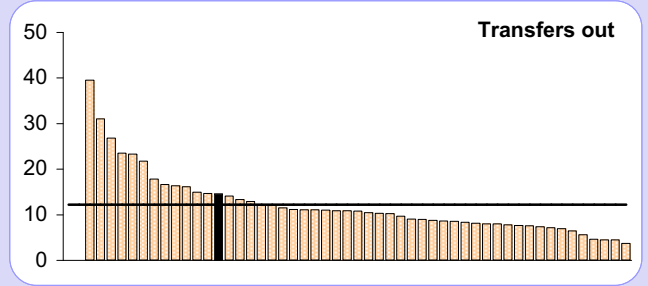
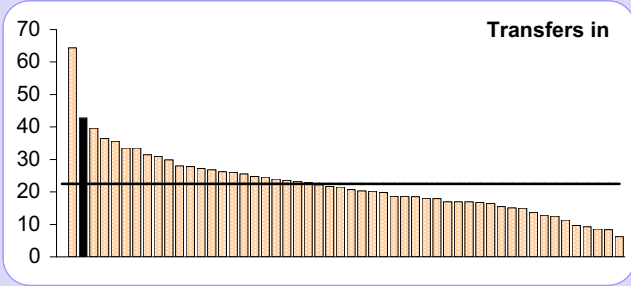


Provision of estimates			
	No.	'000	Avg
Retirements	1,265	66	59
Transfers in	705	37	32
Transfers intra	na	na	16
Transfers out	478	25	17
Refunds	na	na	2
Frozen refunds	na	na	8
Preserved benefits	129	7	10
AVCs & added yrs	249	13	10
Divorce cases	110	6	5
Deaths in service	-	-	0.2
Deaths of pensioners	-	-	0.2

Actual calculations			
	No.	'000	Avg
Retirements	758	39	38
Transfers in	826	43	22
Transfers intra	na	na	14
Transfers out	282	15	12
Refunds	157	8	10
Frozen refunds	71	4	5
Preserved benefits	3,027	157	95
AVCs & added yrs	134	7	4
Divorce cases	8	0	1
Deaths in service	32	2	1
Deaths of pensioners	258	13	20

Active members
19,288

ACTUAL CALCULATIONS (per '000 active members)

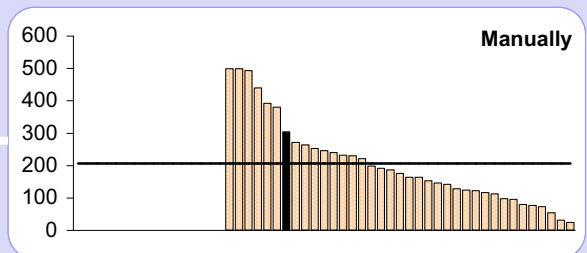
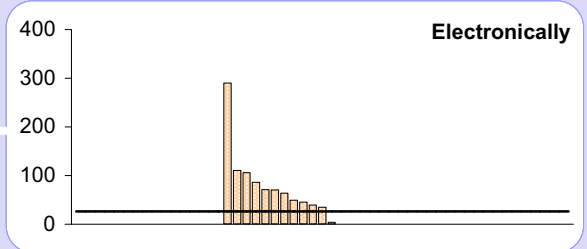
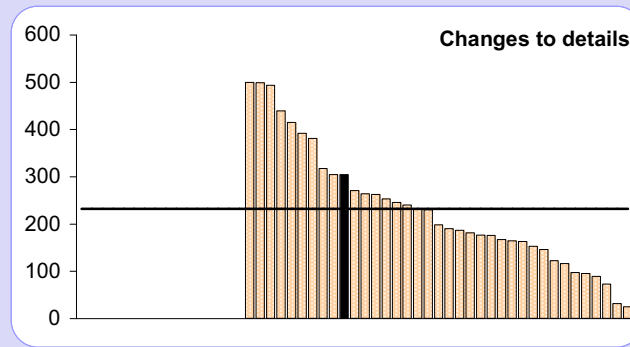
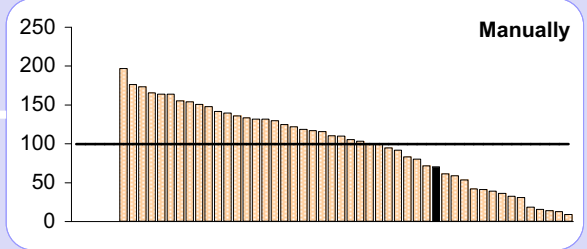
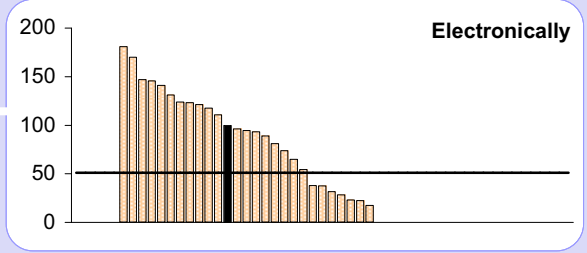
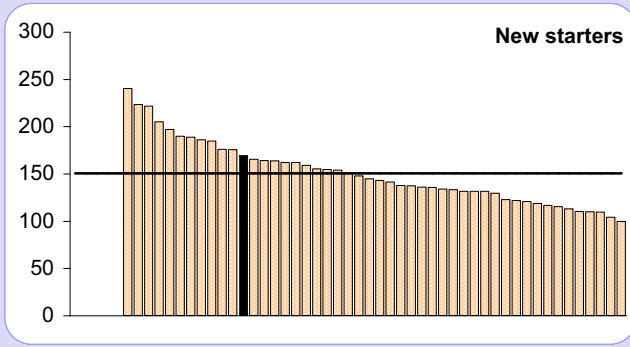


Provision of estimates	No.	'000	Avg
Retirements	1,265	66	59
Transfers in	705	37	32
Transfers intra	na	na	16
Transfers out	478	25	17
Refunds	na	na	2
Frozen refunds	na	na	8
Preserved benefits	129	7	10
AVCs & added yrs	249	13	10
Divorce cases	110	6	5
Deaths in service	-	-	0
Deaths of pensioners	-	-	0

Actual calculations	No.	'000	Avg
Retirements	758	39	38
Transfers in	826	43	22
Transfers intra	na	na	14
Transfers out	282	15	12
Refunds	157	8	10
Frozen refunds	71	4	5
Preserved benefits	3,027	157	95
AVCs & added yrs	134	7	4
Divorce cases	8	0	1
Deaths in service	32	2	1
Deaths of pensioners	258	13	20

Active members
19,288

ACTUAL CALCULATIONS (per '000 active members)

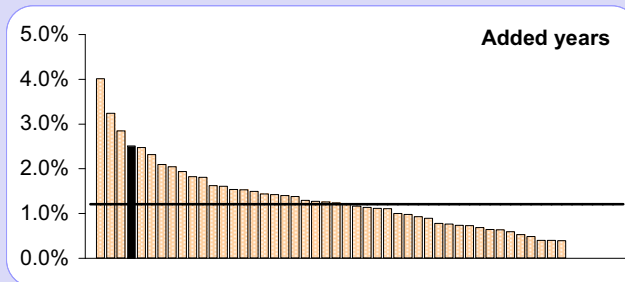
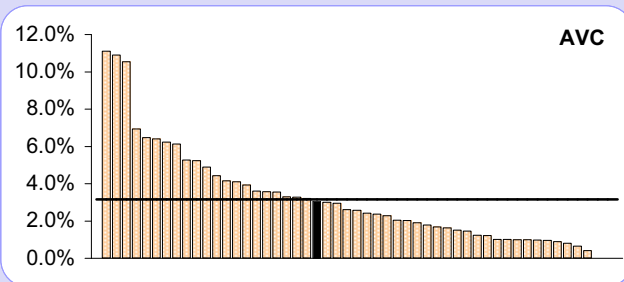


Actual calculations			
	No.	'000	Avg
New starters	3,280	170	151
- electronically	1,925	100	51
- manually	1,355	70	99
Changes to details	5,873	304	232
- electronically	-	-	26
- manually	5,873	304	206

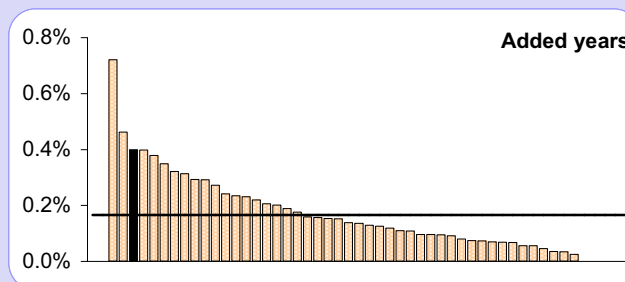
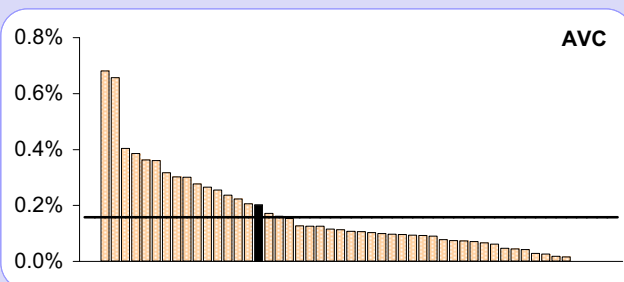
Active members
19,288

AVCs / ADDED YEARS

% Currently contributing



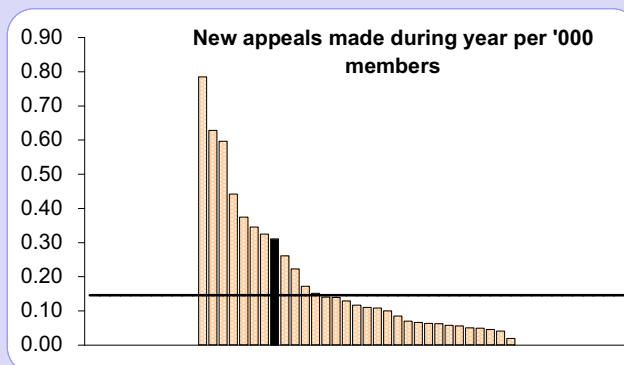
% New contributors this year



AVCs & added years			
	No.	%	Avg
Currently contributing			
- AVC	594	3.1%	3.2%
- Added years	484	2.5%	1.2%
Total	1,078	5.6%	4.4%
New contributors this year			
- AVC	39	0.20%	0.16%
- Added years	77	0.40%	0.17%
Total	116	0.60%	0.32%

Active members
19,288

APPEALS

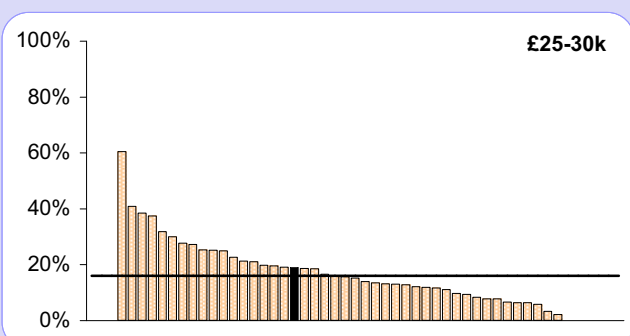
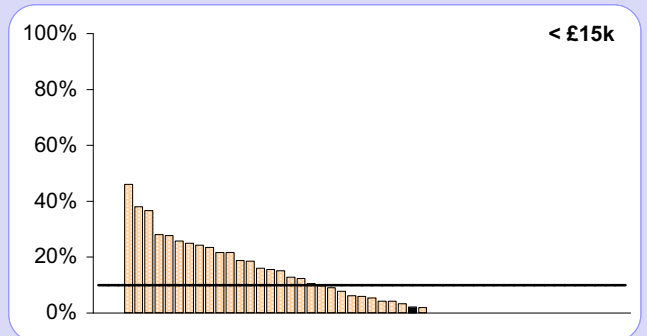
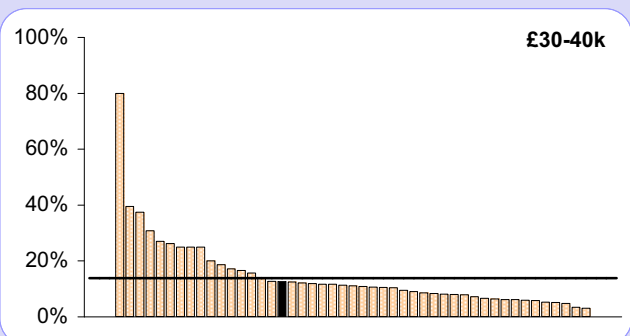
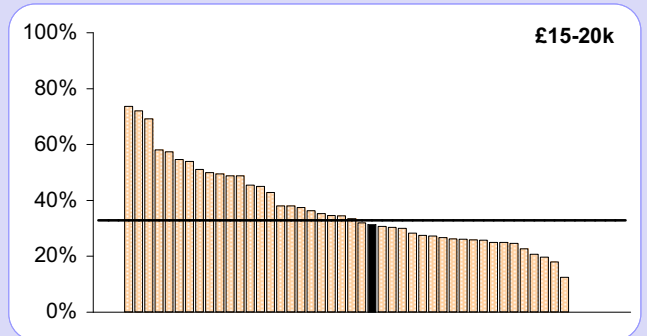
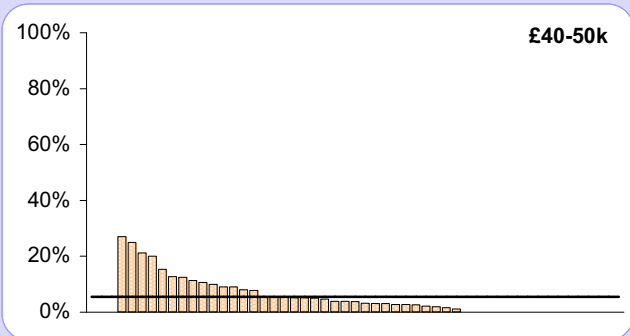
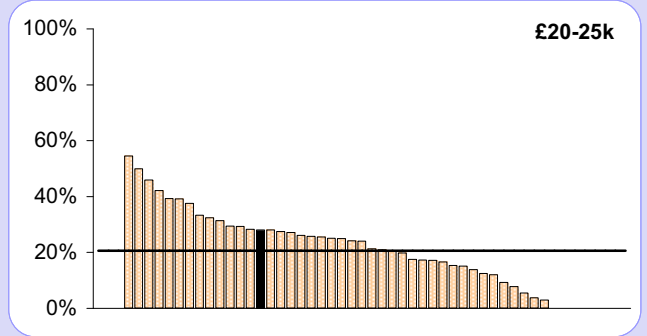
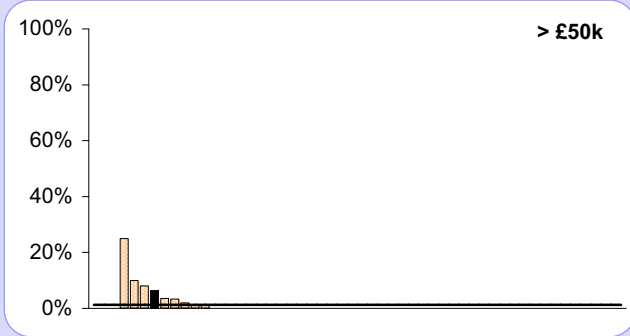


Number of appeals				
	No.	Per '000 members	Avg	Club* total
In progress at start of year	2	0.10	0.11	45
New appeals during year	6	0.31	0.15	122
In progress at end of year	1	0.05	0.10	40
1st stage				
Total	8	0.41	0.17	90
Won	3	38%	80%	72
Lost	5	63%	20%	18
2nd stage				
Total	4	0.21	0.12	45
Won	2	50%	77%	35
Lost	2	50%	23%	10

*Club total: This shows the total for all the Benchmarking Club members 2008.

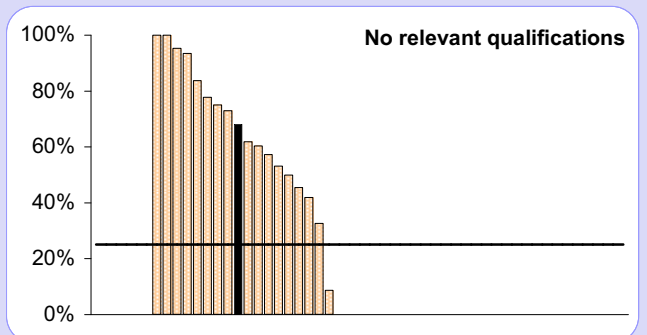
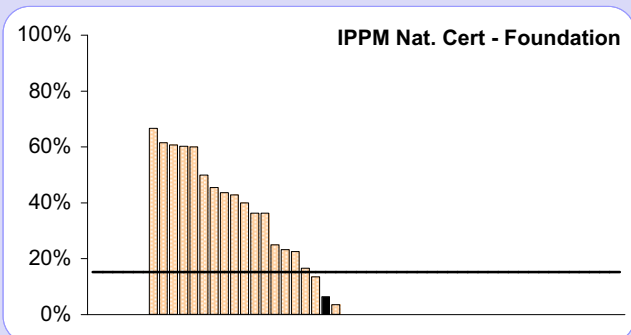
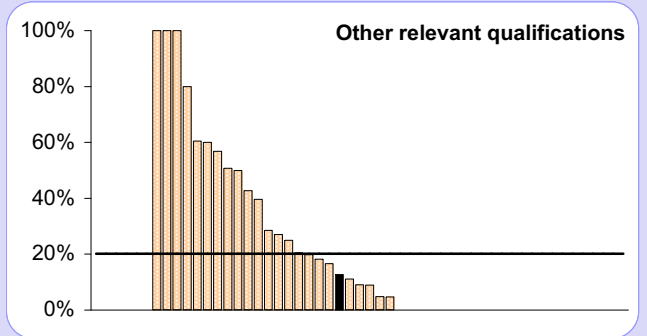
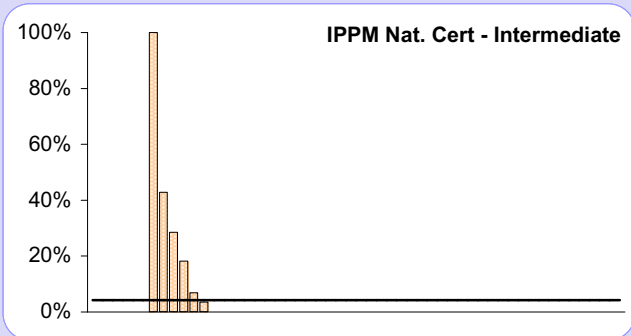
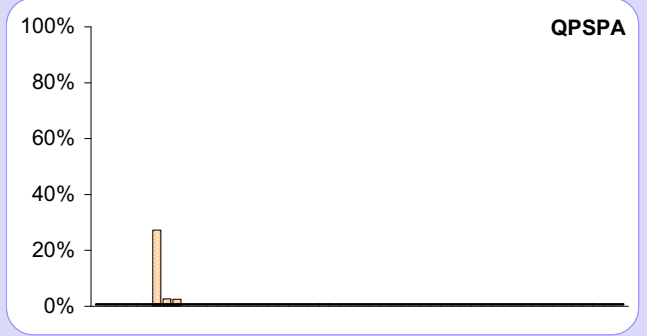
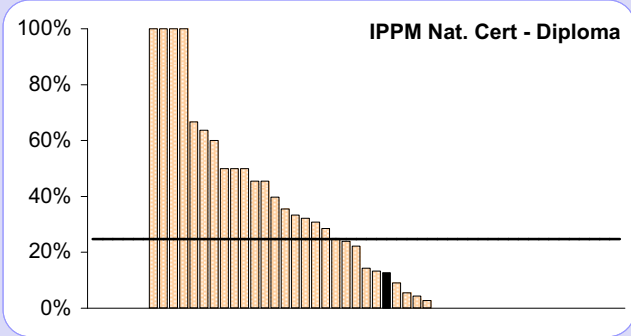
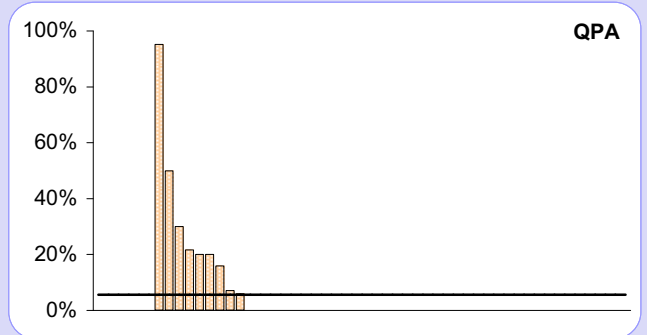
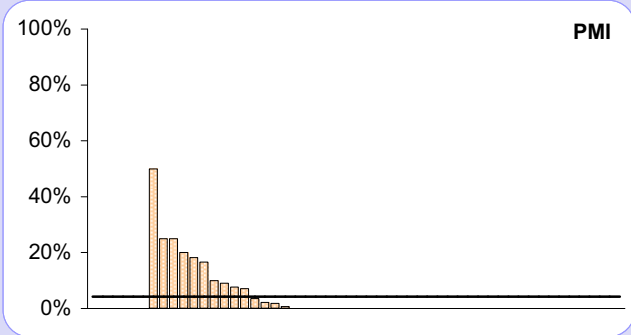
SECTION 3 - STAFF RELATED MEASURES

STAFF PAY



Staff pay			
	FTE	%	Avg
> £50k	1.0	6%	1%
£40-50k	0.0	0%	5%
£30-40k	2.0	13%	14%
£25-30k	3.0	19%	16%
£20-25k	4.4	28%	21%
£15-20k	4.9	31%	33%
< £15k	0.3	2%	10%
Total	15.7		

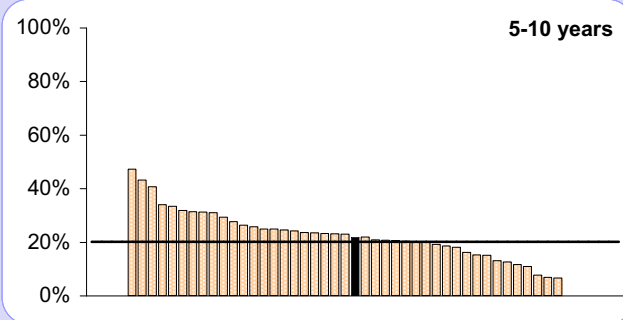
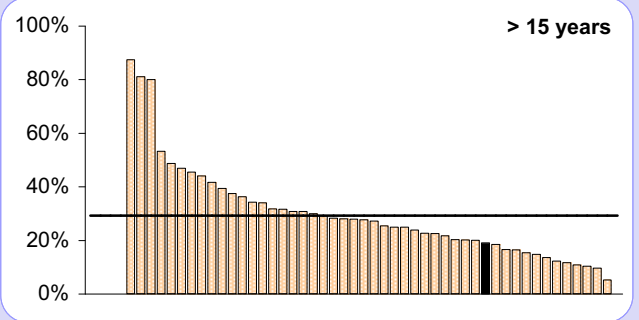
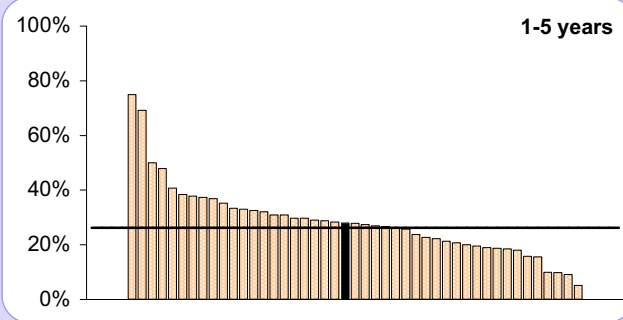
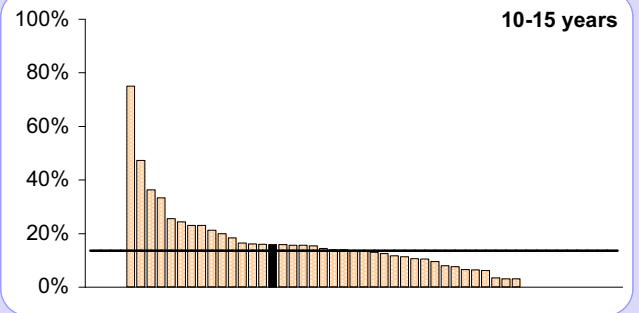
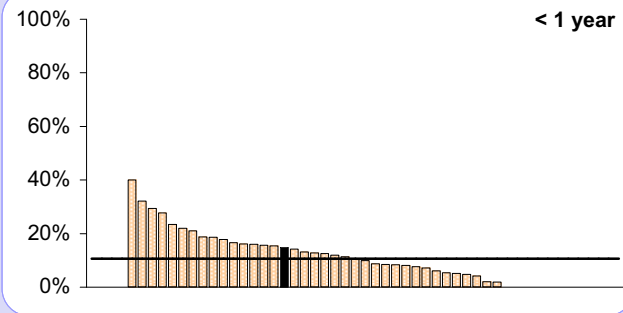
STAFF QUALIFICATIONS



Staff qualifications

	FTE	%	Avg
PMI	0.0	0%	4%
IPPM Nat. Cert - Diploma	2.0	13%	25%
IPPM Nat. Cert - Intermediate	0.0	0%	4%
IPPM Nat. Cert - Foundation	1.0	6%	15%
QPA	0.0	0%	6%
QPSPA	0.0	0%	1%
Other relevant	2.0	13%	20%
No relevant	10.7	68%	25%
Total	15.7		

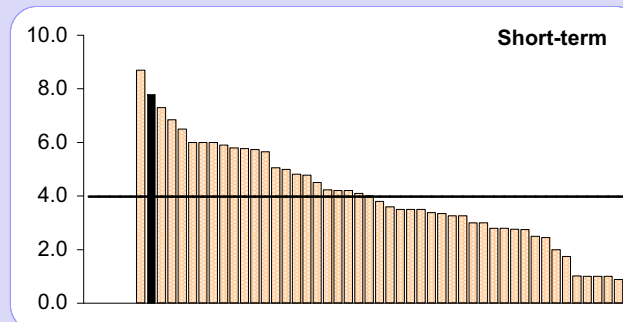
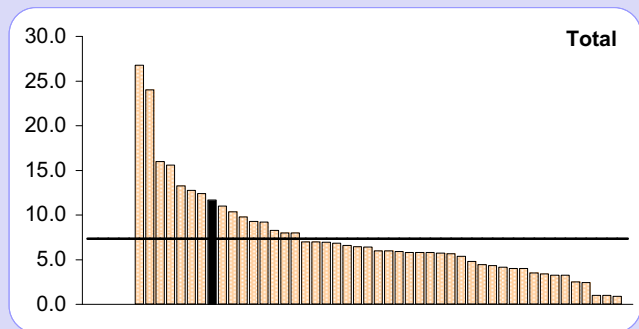
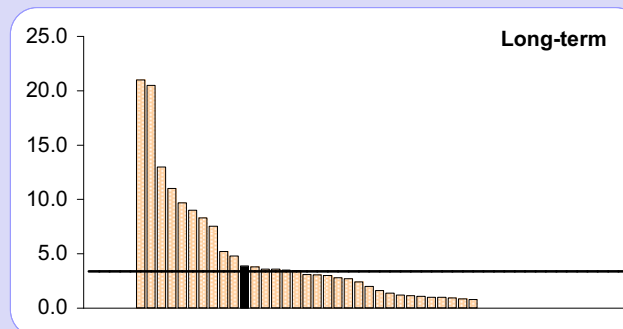
STAFF PENSIONS EXPERIENCE



Staff experience

	FTE	%	Avg
< 1 year	2.3	15%	11%
1-5 years	4.4	28%	26%
5-10 years	3.5	22%	20%
10-15 years	2.5	16%	14%
> 15 years	3.0	19%	29%
Total	15.7		

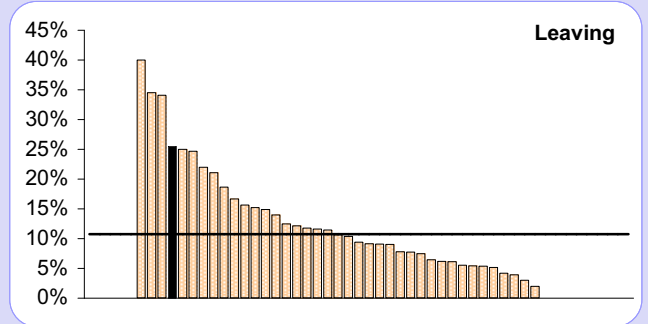
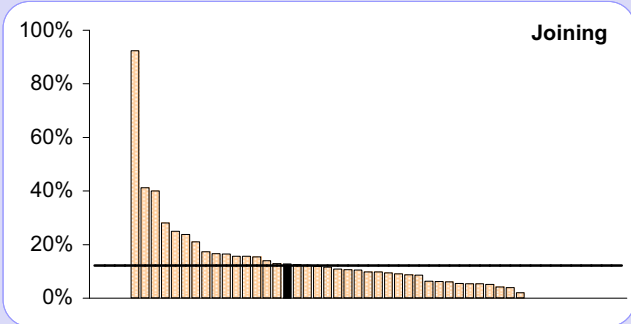
SICKNESS ABSENCE - Lost days per FTE employee



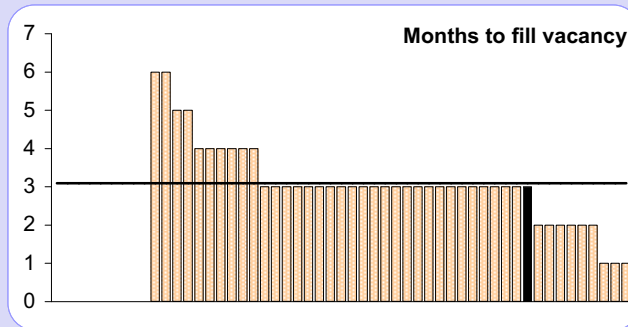
Sickness absence

	Days/FTE	Avg
Long-term sickness	3.9	3.4
Short-term sickness	7.8	4.0
Total	11.7	7.3

STAFF TURNOVER

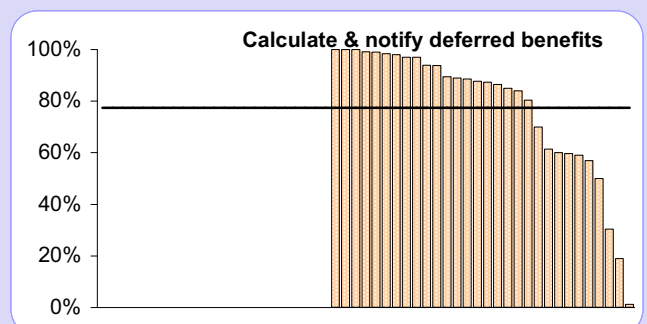
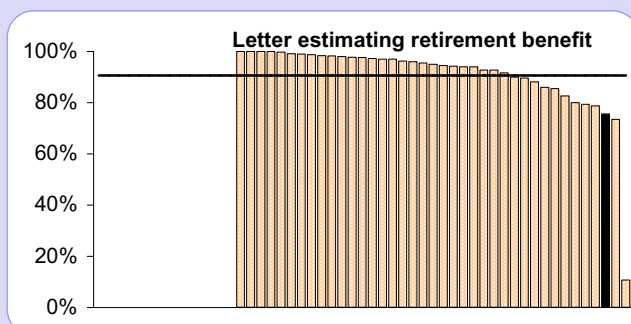
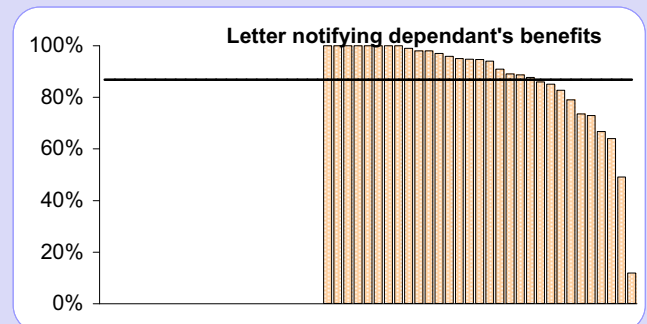
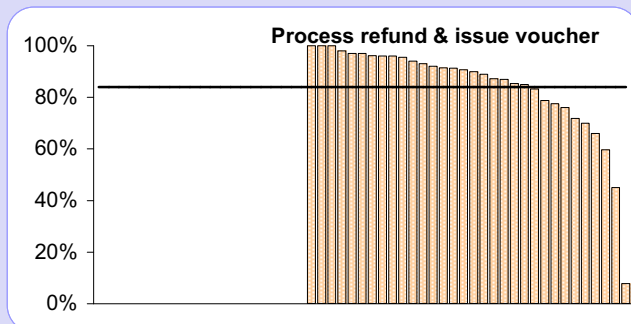
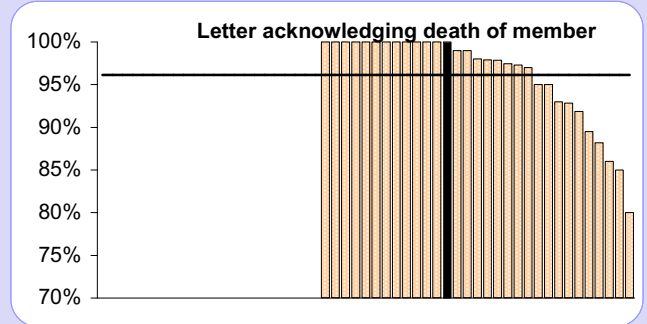
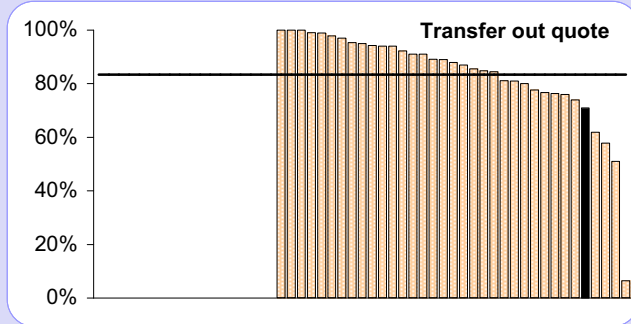
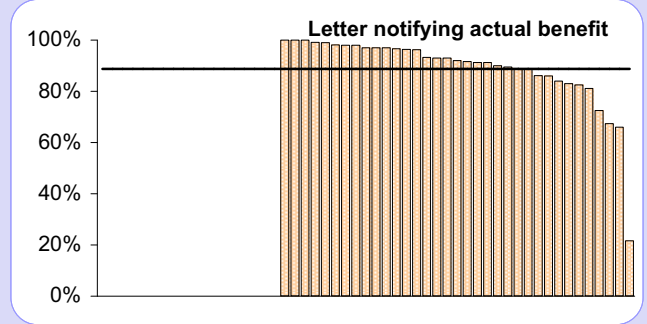
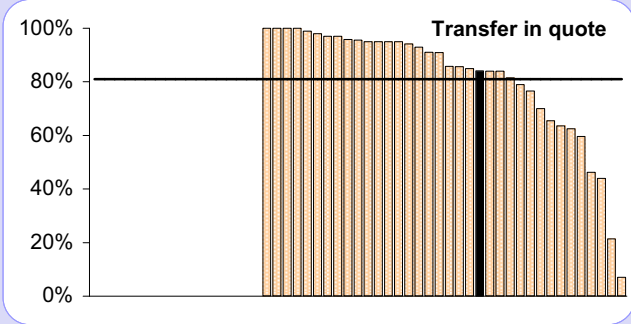


Staff turnover			
	FTE	%	Avg
Total Section FTE	15.7		
Joining Section	2.0	12.8%	12.1%
Leaving Section	4.0	25.5%	10.7%



Average time to fill vacancy		
	Months	Avg
	3	3

SECTION 4 - INDUSTRY STANDARD PERFORMANCE INDICATORS

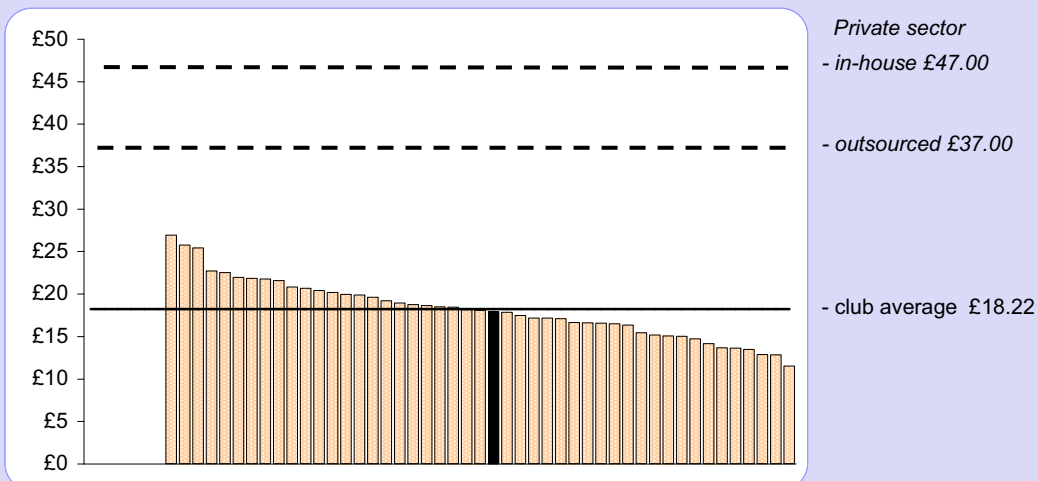


Industry Standard PIs	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	84.1%	81.0%
Letter detailing transfer out quote	10 days	70.9%	83.4%
Process refund and issue payment voucher	5 days	na	84.0%
Letter notifying estimate of retirement benefit	10 days	75.6%	90.6%
Letter notifying actual retirement benefit	5 days	na	88.7%
Letter acknowledging death of member	5 days	100.0%	96.1%
Letter notifying amount of dependant's benefits	5 days	na	86.9%
Calculate and notify deferred benefits	10 days	na	77.4%

SECTION 5 - COMPARISON WITH PRIVATE SECTOR

LGPS ADMIN COST PER MEMBER

excluding payroll cost



Costs	
	£'000
Admin cost	888
Payroll cost	62
Adjusted cost	826

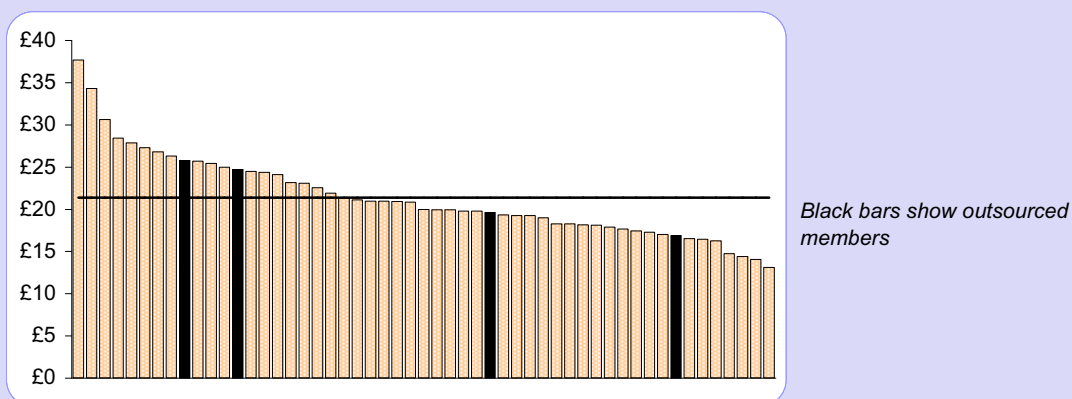
Cost/member	£17.92
-------------	--------

Members				
	No.	% club avg	private	
Active	19,288	42%	42%	33%
Deferred	13,333	29%	25%	31%
Retired	9,184	20%	22%	36%
Total	46,062			

COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

Total members with data:	53
Outsourced members:	4

LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



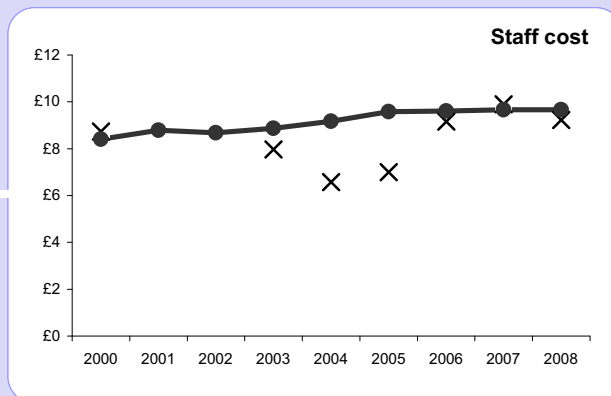
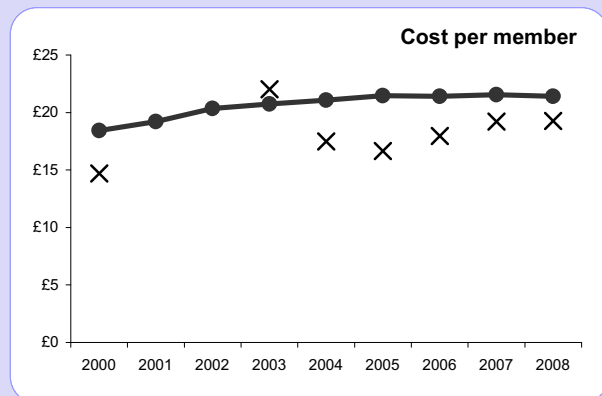
Admin cost per member:	
Buckinghamshire	£19.27
Club average	£21.40
Outsourced average	£21.77
In-house average	£22.28

Source: Capita Hartshead Annual Pension Scheme Admin Survey 2008
Data for funds over 10,000 members

SECTION 6 - TIMESERIES

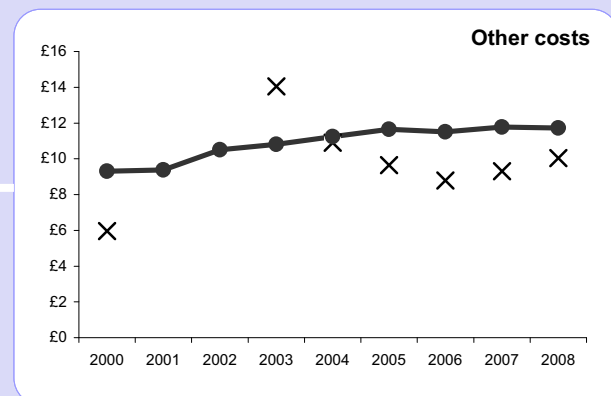
The 2008 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2008 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



KEY:

- Club average
- X Buckinghamshire



Time series analysis									
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Members	27,153	..	..	34,378	35,989	37,408	37,792	42,846	46,062
Net cost (£'000)	399k	..	..	757k	629k	623k	678k	823k	888k
Cost per member	£14.69	..	..	£22.01	£17.47	£16.66	£17.95	£19.21	£19.27
Average	£18.42	£19.20	£20.35	£20.73	£21.07	£21.46	£21.41	£21.56	£21.40
Staff cost	£8.73	..	..	£7.97	£6.58	£7.00	£9.15	£9.90	£9.23
Average	£8.40	£8.79	£8.68	£8.87	£9.17	£9.58	£9.61	£9.66	£9.66
Other costs	£5.97	..	..	£14.04	£10.89	£9.65	£8.79	£9.31	£10.05
Average	£9.30	£9.38	£10.50	£10.81	£11.23	£11.65	£11.52	£11.78	£11.72



Report to Pension Fund Consultative Group

Title: Discretionary Policies
Date: 15th October 2008
Author: Pensions Manager
Contact Officer: Julie Vrondis 01296 382328

Summary

Discretionary policies applicable under the Local Government Pension Scheme Regulations 2007 need to be made by each employer in the Fund.

Recommendation

Members are asked to:

Consider the policies which need to be set and make recommendations for each employer to consider.

A. Supporting information:

The Local Government Pension Scheme (LGPS) changed significantly in April this year, when new arrangements for contributions and benefits were introduced. The changes affect around 19,000 staff who are in the local pension fund, and (to a lesser extent) the 11,000 current pensioners. Also affected are around 15,000 former employees who have retained benefits "deferred" to future retirement.

Employers have always had some local discretion in applying the LGPS, and there has long been local policy in some areas. The introduction of the new scheme means that there are new points to interpret, and specific points on which local policy needs to be set. It is a requirement for each employer to make a written statement of its local discretionary policy on these points.

The purpose of this report is to consider the local policy statement, which falls into two parts: local policy which is set by each employer within the fund; and local policy which it is setting as an authority administering a local pension fund. The distinction being made here is that local employer policy relates to the employees of that employer only. Where policy is set as an administering authority, then this applies to everyone in the scheme.

STATEMENT OF LOCAL EMPLOYER POLICY

There are six specific matters on which employers need to declare their local policy. These are set out below, and for each there is a reference to the relevant statutory regulation, a brief explanation of the issue, and a recommended local policy:

1. Discretion of employer to increase total membership of active member

Regulation 12 LGPS (Benefits, Membership and Contributions) Regs 2007

Under this regulation an employer has the power to increase the membership (pensionable service) of an employee in the pension scheme by up to 10 years.

Current BCC Policy: BCC does not currently award augmented years

Suggested policy: Employers could award augmented years on a case by case basis.

Reason for Change: Allowing augmented years on a case by case basis would give employers more flexibility. Augmented years are fully funded by the employer at the date of award.

2. Discretion of employer to award additional pension

Regulation 13 LGPS (Benefits, Membership and Contributions) Regs 2007

This regulation gives an employer the power to award up to £5000 per year additional pension on retirement.

Current BCC Policy: N/A, this is a new option

Suggested policy: Employers could award augmented years on a case by case basis or employers could choose not make use of this regulation to award additional pension on retirement.

Reason for Change: Employers may prefer to award augmented years as above rather than augmented pension, it is probably easier to have just one method of increasing benefits rather two.

3. Discretion to permit flexible retirement

Regulation 18 LGPS (Benefits, Membership and Contributions) Regs 2007

This regulation enables an employer to let an employee, aged 55 or more (50 for protected members), reduce his/her hours or grade, and receive part or full payment of pension benefits under the main scheme regulations. If the employee would suffer an actuarial reduction in the pension and lump sum due to the early payment, the regulations confer a further discretion for the employer, at its own cost, to waive that reduction in any particular case.

Current BCC Policy: The BCC policy has been reviewed and a copy is attached

Suggested policy: Employers should review their policies on flexible retirement, including whether or not a waiver of actuarial reduction will be made in any case.

Reason for Change: The new BCC policy imposes a minimum hour/pay reduction and also stipulates a minimum period for the member to remain employed with BCC. BCC will not waive reductions.

4. Discretion to permit early payment of pension

Regulation 30 LGPS (Benefits, Membership and Contributions) Regs 2007

Under this regulation a member of the pension scheme aged 55 or more (50 for protected members) may apply for the early payment of their retirement benefits, subject to the consent of their employer. An application may be made by either a current employee or a

former employee holding deferred benefits. This regulation gives a further discretion to the employer, at its own cost, to waive any actuarial reduction on compassionate grounds.

Current Policy: BCC currently assess each case on its merits, each case is signed off by the head of service and the head of finance.

Suggested policy: Employers could agree to an application from a current employee only in a case where it is satisfied that there is a clear business benefit, and where the employee or the service are willing to reimburse to the pension fund any costs arising from the early retirement.

Employers could grant an application from a former employee holding deferred benefits. The former employee will be expected to reimburse to the pension fund any costs arising from the early retirement. Actuarial advice confirms this will be cost neutral to the Fund.

Employers could waive any actuarial reductions that may be applicable, but this will increase any pension strain cost.

Reason for Change: A former employee applying for early payment of deferred benefits usually does so because of financial hardship, as such an application can be granted at no cost to the employer it would seem unreasonable not to grant the request.

5. Discretion to permit late inward transfer of pension rights

Regulation 83 LGPS (Administration) Regs 2008

A request to transfer pension rights in to the LGPS must be made within 12 months of joining the scheme, but this regulation allows an employer to extend that period.

Current Policy: All such requests are referred by pensions to the employer concerned for a decision

Suggested policy: Any request to transfer pension rights after the twelve month limit should be declined unless the member claims they did not get the information regarding this deadline when they commenced their employment.

Reason for Change: Until recently the Pensions Manager made the decision in these cases. However a case came up where a late transfer was agreed to and then the employee was made redundant; the pension strain cost was increased as a result of the transfer. All such applications are now referred to employers due to this possibility. BCC have found that they are getting a lot of requests and are finding it time consuming to look at each case, they are therefore considering declining all cases unless the person claims they did not get the pension starter pack..

6. Determination of questions and disputes

Regulation 58 LGPS (Administration) Regs 2008

An employer must specify the job title and the address of the person to whom applications to deal with questions and disputes arising from the administration of scheme membership must be made.

Current Policy: In BCC such applications are made to the HR Manager, OD & HR.

Suggested policy: No change is suggested for BCC. Employers who have not specified the person to whom applications should be made should do so immediately.

Reason for Change: To comply with legislation

STATEMENT OF ADMINISTERING AUTHORITY POLICY

There are eight specific matters on which the Council needs to declare its local policy as an administering authority. These are set out below, and for each there is a reference to the relevant statutory regulation, a brief explanation of the issue, and a recommended local policy:

7. Making “Admission Agreements”

Regulations 5, 6 and 7 LGPS (Administration) Regs 2008

An administering authority may make an “Admission Agreement” with certain other organisations, in order to admit their employees to the local LGPS fund.

Recommended local policy: This Council will enter into an “Admission Agreement” where this is considered appropriate. Any such case will be considered and decided by the Head of Finance.

8. Considering late applications to pay contributions for absence

Regulation 22 LGPS (Administration) Regs 2008

A request to pay pension contributions to cover a period of unpaid leave must be made within 30 days, but this regulation allows an administering authority to extend that period.

Recommended local policy: Any request to pay such contributions after the 30 day limit will be considered and decided by the Pensions Manager. Such a request will be granted only if it is considered that there are significant extenuating circumstances.

9. Permitting regular additional pension contributions

Regulation 23 LGPS (Administration) Regs 2008

A member of the local pension fund can apply to make regular additional pension contributions. In that event, this regulation permits the administering authority, if it wishes, to require a medical report from the applicant, to show that he/she is in good health.

Recommended local policy: This Council will require such a medical report from an applicant – obtained at the applicant’s cost - before allowing regular additional contributions, where the employee has declared a medical condition on their application form.

10. Awarding Death Grant payments

Regulation 23 LGPS (Administration) Regs 2008

This regulation gives an administering authority absolute discretion as to the person to whom a death grant payment should be made

Recommended local policy: Decisions about the payment of death grants will be considered and made by the Pensions Manager.

11. Paying Child Pensions

Regulation 26 LGPS (Administration) Regs 2008

Under this regulation, an administering authority has the discretion to treat a child's education or training as continuous, ignoring any break.

Recommended local policy: Decisions about the payment of child pensions will be considered and made by the Pensions Manager, taking into account the circumstances of each individual case.

12. Reclaiming additional costs arising from an employer's sub-standard performance

Regulation 43 LGPS (Administration) Regs 2008

If an administering authority incurs extra work or other additional costs, as a result of an employer (including BCC) failing to provide necessary information as and when required, then the authority is able to recharge the employer for these costs.

Recommended local policy: This Council will make use of this regulation and will normally recharge employers (including BCC) for any additional costs incurred due to the performance of an employer.

13. Dealing with disputes

Regulation 60 LGPS (Administration) Regs 2008

This regulation requires an administering authority to specify who will deal with questions and disputes arising from its role as an administering authority (these will be different from any cases arising for an employer).

Recommended local policy: In this Council Linda Forsythe, Group Solicitor, Legal Services, County Hall, Aylesbury will deal with such matters.

14. Reducing or suspending a retirement pension, if a pensioner starts new local government employment

Regulation 70 LGPS (Administration) Regs 2008

The pension of an employee who retires and is subsequently re-employed in local government may be subject to reduction or suspension. This regulation requires an administering authority to state its local policy on this issue.

This provision is not new, and the Council's policy is not to reduce or suspend pensions in such cases.

Recommended local policy: The basic pension (excluding any 'added years' element) of a pensioner who is re-employed in local government after 1 October 2006 will not be reduced or suspended.

B. Other options available, and their pros and cons

N/A

C. Resource implications

D. Legal implications

It is a requirement of the Regulations that all employers have a policy on these matters.

E. Other implications/issues

F. Feedback from consultation and Local Member views

BCC will be consulting with the Unions

G. Communication issues

Policies will be available to scheme members

H. Progress Monitoring

Policies should be reviewed regularly

Background Papers

BCC revised flexible retirement policy (attached)

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007



**Flexible Retirement Policy
for Members of the Local Government Pension Scheme**

Buckinghamshire County Council

April 2008

Flexible Retirement Policy for Members of the Local Government Pension Scheme

Index

- Introduction
- Policy
- Procedure
- Appendix 1 – Process to extend retirement and flexible retirement Age 65+
- Appendix 2 – Process to take flexible retirement age 50+

1. INTRODUCTION

- 1.1 Buckinghamshire County Council is committed to providing more choice and flexibility to our employees who wish to ease into retirement or stay in work beyond the age of 65, making their transition from working life to retirement an enjoyable one.
- 1.2 We recognise that in order to remain an excellent authority of choice we need to provide our employees with options and flexibility and value their diverse contributions. Offering our employees retirement choices has a part to play in this.
- 1.3 By giving alternatives and support in the run up to retirement, we hope that our employees will feel more valued. The Council will benefit by retaining valuable knowledge and skills, which can be transferred to others. Turnover and recruitment and retention problems should also be reduced.

2. POLICY

- 2.1 Buckinghamshire County Council recognises that retirement is a life-changing event and it is important that employees recognise the retirement choices that are available to them. Managers should ensure employees are aware of the advice and guidance available to them in good time so that they can prepare in the lead up to retirement, [Toolkit Document 5](#). The correct time for advice will depend on the employee's circumstances and when they plan to retire.
- 2.2 Those who wish to retire when they reach the age of 65 are entitled to do so. However, employees can request to work beyond this age, with the possibility of partial retirement. Those employees between the age of 50 and 65 also have the option to request partial early retirement.
- 2.3 Both partial retirement and partial early retirement offer employees the opportunity to ease into retirement gradually while the Council will benefit by retaining valuable knowledge and skills that can be transferred to others.
- 2.4 Flexible retirement gives employees the right to request:
 - partial early retirement, from age 50, with members of the Local Government Pension Scheme who joined the scheme before 1 April 2008 being able to draw all or part of their benefits before 1 April 2010
 - partial early retirement, from age 55, with members of the Local Government Pension Scheme who joined the scheme after 31 March 2008 being able to draw all or part of their benefits
 - extending (postponing) their retirement date beyond age 65 with the possibility of partial retirement, with members of the Local Government Pension Scheme being able to draw all or part of their benefits
- 2.5 Employees who want to postpone their retirement beyond the age of 65 and/or to take partial early retirement are entitled to apply for options including:

- A flexitime scheme
 - Job sharing
 - Term time only working
 - Voluntary reduced hours/part-time
 - Redesigning/downgrading current post
- 2.6 Any employee approaching the age of 65 has the right to request not to be retired and to continue in the same role on the same hours or with reduced hours, ie partial retirement, with their manager's agreement.
- 2.7 A Local Government Pension Scheme (LGPS) member may claim all or part of their pension benefits early, subject to their Managers' agreement, and continue working but with a reduction in their hours and/or grade.
- 2.8 A request to take partial early retirement should involve a reduction in salary of between 30% and 60%, either through reduced hours or level of responsibility/grade.
- 2.9 All requests for flexible retirement must be able to demonstrate a business benefit to the Council in terms of retention of valuable skills and knowledge. Each request will be considered on its merits and will only be agreed if it is the Council's economic and/or operational interests to do so.
- 2.10 It must be recognised that partial early retirement before the age of 65 could incur a cost to the organisation through pension strain, [Toolkit Document 1](#). This cost must be affordable and within existing service budgets. Where this is not achievable, the proposal should be accompanied by a supplementary plan detailing how any cost will be recovered.
- 2.11 To help to offset any pension strain to the Council, the employee must agree to remain in employment with the Council for a minimum period of 1 year or to age 60 if earlier, or repay a proportion of the pension strain if they fail to do so.
- 2.12 Partial early retirement is only available to employees continuing in their current post or, with agreement, transferring to another post within the same service area. This ensures maximum benefit to the Council through the retention of acquired skills and experience.

3. PROCEDURE TO APPLY FOR FLEXIBLE RETIREMENT

3.1 POSTPONEMENT OF RETIREMENT BEYOND THE AGE OF 65

- 3.1.1 Any employee approaching retirement age (65 years) must be informed in writing by their line manager no less than six months but not more than one year before their retirement date, of what their intended retirement date is and that they have the right to request not to be retired, [Toolkit Document 8](#).
- 3.1.2 Line managers of employees based in Services with access to SAP Manager Self- Service/Employee Self-Service will receive SAP notification of the 'Date Due to Retire' nine months prior to retirement age (65 years). Schools-based

managers will be responsible for managing manually any forthcoming retirements on an annual basis at the start of the academic year.

- 3.1.3 Employees interested in extending their service beyond 65 years (postponing their retirement) and, possibly, partial retirement will complete the Request Form, [Toolkit Document 6](#), and discuss their request with their line manager. They will inform their line manager if they wish for their employment to continue indefinitely, for a stated period or until a stated date.
- 3.1.4 Provided the employee has been served the required notice of their intended retirement date (ie six to twelve months), the request from the employee must be made three to six months before this date. If the employee has not been served the required notice, the request can be made any time within six months prior to the intended retirement date.
- 3.1.5 The line manager will meet with the employee to discuss their request normally within 28 days of receipt of the request. The employee has a right to be accompanied at the meeting by a colleague or Trades Union representative.
- 3.1.6 If the request cannot be accepted, the line manager will, normally within 14 days of the meeting, explain in writing the reasons for the decision, the employee's right of appeal and, if available/feasible, offer alternative options, [Toolkit Document 11](#).
- 3.1.7 For details of the appeal process, please refer to paragraph 3.3.

PARTIAL EARLY RETIREMENT

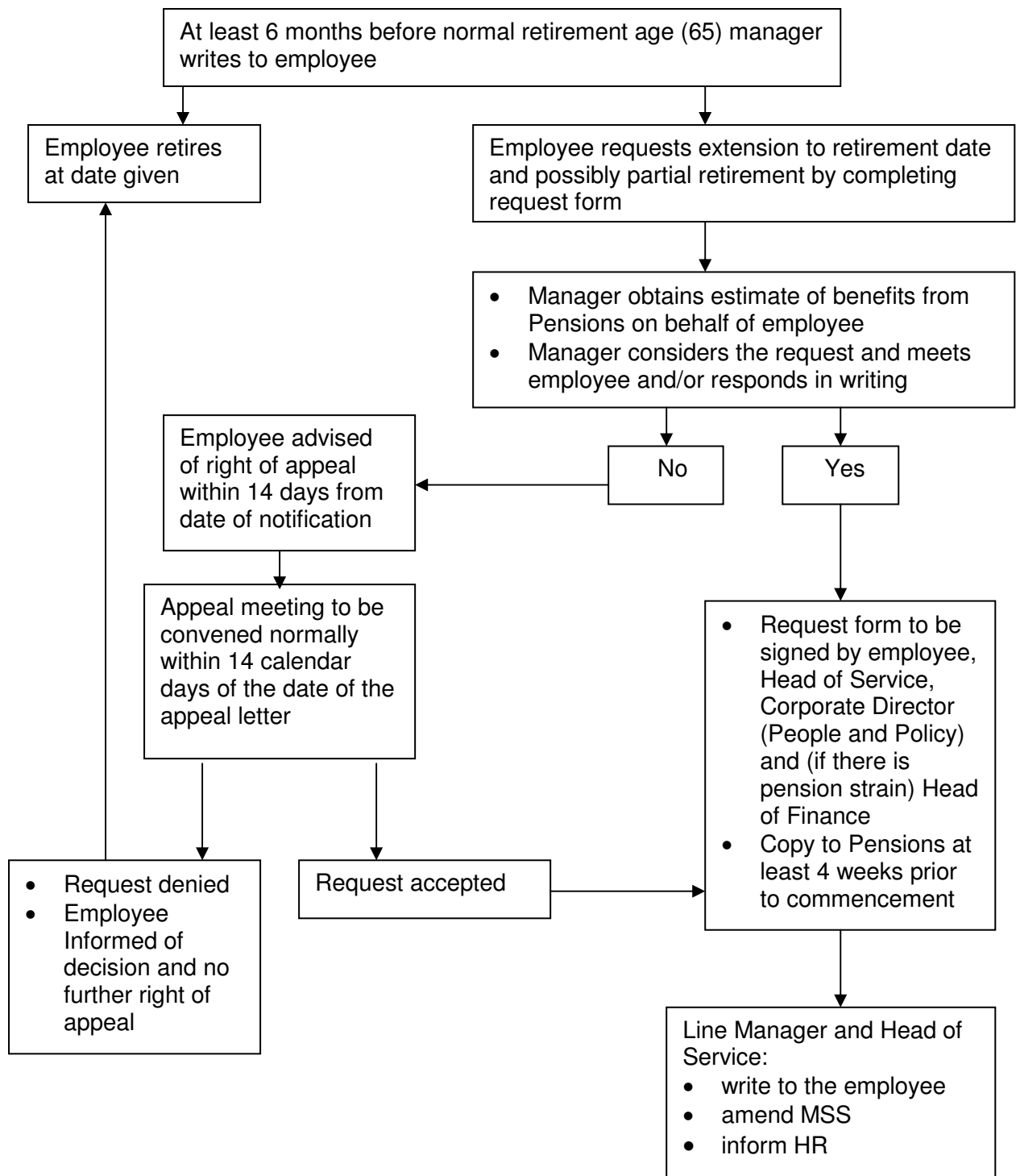
- 3.2.1 Employees from the age of 50 (55 from 1 April 2010) may request partial early retirement, ie a reduction in their hours and/or grade, with members of the Local Government Pension Scheme (LGPS) being able to claim all or part of their pension benefits from the age of 55 (or from age 50 if a member of the scheme prior to 1 April 2008 and retirement is before 1 April 2010), subject to their Managers' agreement.
- 3.2.2 Employees interested in partial early retirement should complete the Request Form, [Toolkit Document 6](#), and discuss their request with their line manager.
- 3.2.3 A request to take partial retirement should involve a reduction in salary of between 30% and 60%, either through reduced hours or level of responsibility/grade.
- 3.2.4 If the line manager agrees to proceed, he/she should apply on behalf of the employee to the Pensions Team for an estimate of benefits and pension strain, if any, [Toolkit Document 7](#).
- 3.2.5 If the manager and employee agree to proceed on receipt of the estimate, the Request Form will be countersigned by the Head of Service and the Corporate Director (People and Policy) and additionally, where there is pension strain and a business case has been produced and agreed, the Head of Finance. Managers should seek assistance from their HR Business Partner with this.

- 3.2.6 Once agreement has been obtained, the line manager will inform the employee and confirm the decision in writing, [Toolkit Document 10](#). The manager will also inform Human Resources and amend Manager Self-Service.
- 3.2.7 The manager will notify Pensions in writing at least four weeks before the date of the flexible retirement. **Please note that no action can be taken by Pensions without a signature from both the line manager and the employee on the pensions estimate itself.**
- 3.2.8 If the request cannot be accepted, the line manager will, normally within 14 days, explain in writing the reasons for the decision, the employee's right of appeal and, if available/feasible, offer alternative options, [Toolkit Document 11](#).

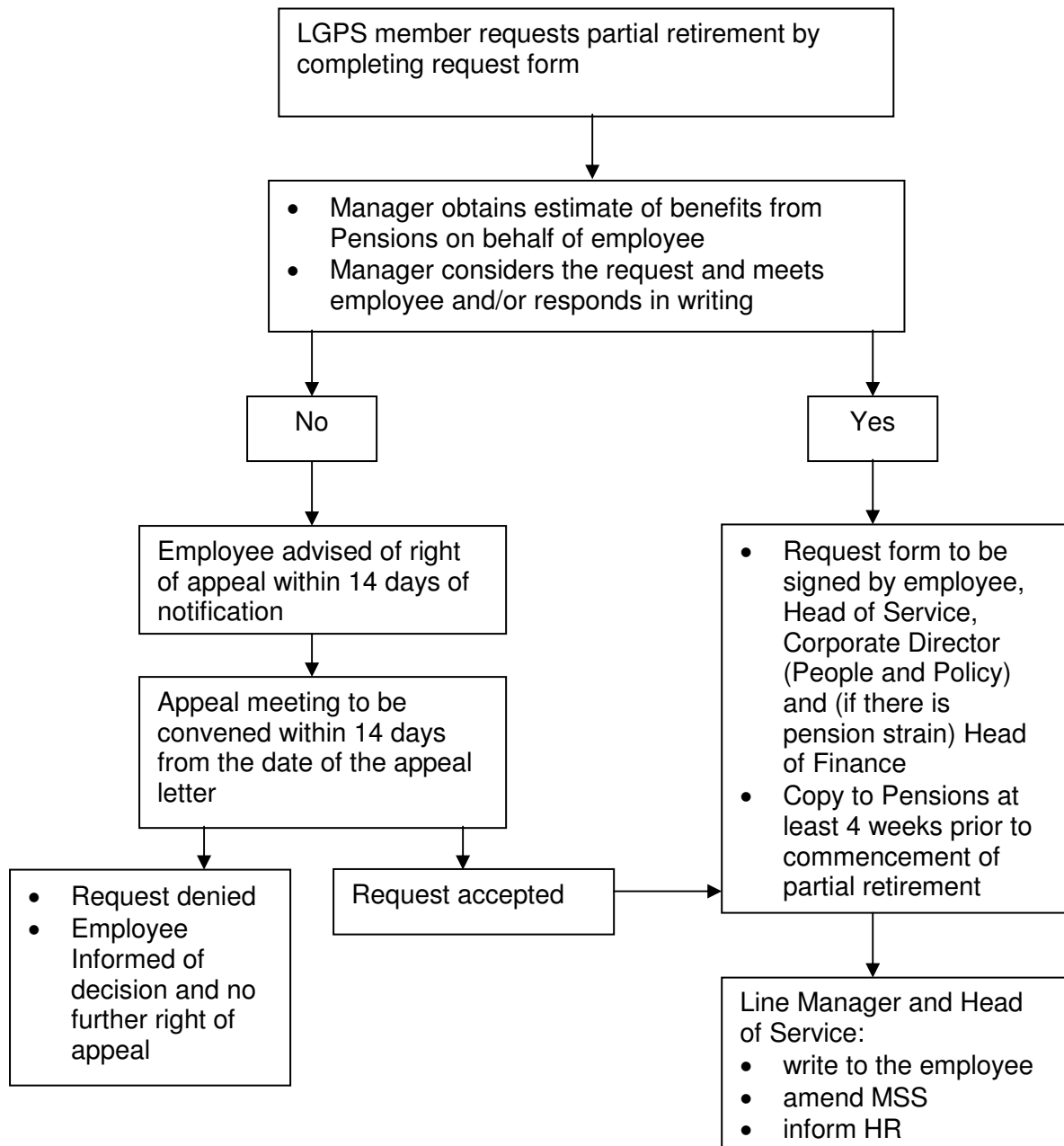
3.3 APPEAL

- 3.3.1 The employee will submit an appeal in writing, stating clearly whether this is against the decision not to agree:
- their request to postpone their retirement and/or
 - their request to take partial retirement
 - their request to take partial early retirement
- within fourteen days of the original decision being received.
- 3.3.2 An appeal meeting will be convened, normally within fourteen days of receipt of the appeal letter, and this will be chaired by a more senior manager than the line manager who considered the original request, [Toolkit Document 12](#).
- 3.3.3 The employee has the right to be accompanied at this meeting by a colleague or Trades Union representative.
- 3.3.4 The outcome of the appeal will be delivered as soon as possible and in writing normally within fourteen days of the meeting, [Toolkit Document 13](#).
- 3.3.5 Any decision is final.

Appendix 1
Process to extend Retirement Age 65+ and, possibly, take partial retirement



Appendix 2
Process to take partial retirement Age 50+ (Age 55+ from 1 April 2010)



Agenda Item 10

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

