



Report to Pension Fund Consultative Group

Title: Valuation Preparation

Date: 19th March 2009

Date Decision can be implemented: n/a

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Electoral Divisions Affected: N/A

Portfolio Areas Affected: All

Summary

Purpose of report:

To draw PCFG's attention to the data requirements of Buckinghamshire County Council as Administering Authority in preparation for the 2010 Valuation of the Pension Fund as required under statute.

Recommendation

Members are asked to:

PFCG are asked to NOTE and impress on employers the information required from each employer to ensure accurate data is supplied to the Fund Actuary.

A. Supporting information:

Under Regulation 36 the Local Government Pension Scheme (Administration) Regulations 2008 Buckinghamshire County Council is required to obtain an actuarial valuation of the pension fund from which future employer contribution rates are set. The data that Buckinghamshire CC is required to supply to the Actuary in respect of each employee is derived from information supplied by each employer and it is vital that Pensions maintains accurate and up to date records.

From 2008/2009 each employer will be required to provide the following information in respect of each employee as part of the year end return:

NI Number
Surname
Forenames
Payroll reference
Date Joined Employer

Date Left (where applicable)
NI category
Reduced Rate NI
Contribution rate*
Pension Conts paid*
Strike Conts (where applicable)
NICO earnings
Additional Contributions paid (where applicable)
Part Time Service Buy Back (where applicable)
Birth Date

* With the introduction in the 2008 regulations of the contribution bandings (ranging from 5.5% to 7.5%) pensions will need to be provided with, where a change in banding has occurred, details of contributions paid and the relevant % contribution and the relevant date of any change.

From this information Pensions will calculate membership and a pensionable pay figure for each employee. Queries will be raised where there has been a decrease in pensionable pay when compared with the previous year or an increase in pay of more than 10% when compared with previous years.

The pay and membership calculated from the year end exercise will be provided to the Actuary to enable the actuarial valuation to take place.

Factors which could affect the calculation of membership and pay:

Change in hours: Will affect both membership and the pay calculated. Membership for a part time employee is a pro rata amount of the calendar length of membership determined by the hours worked. An incorrect record of a member's hours of employment could result in too much membership being recorded, which in turn would increase the scheme's liabilities and may result in a higher than necessary employer contribution rate.

Leave of absence: All details of leave of absence (paid and unpaid) should be notified to Pensions. An incorrect record could result in too much membership being recorded, which in turn would increase the scheme liabilities and may result in a higher than necessary employer contribution rates.

Leavers: The Actuary will assess future liabilities being accrued based on the membership and pay records as provided by Buckinghamshire County Council, and assuming that a member continues to accrue benefits at the same rate as at valuation date. It is vitally important therefore that all leavers are notified to BCC (as per Service Level Agreement) to prevent future liabilities being over assessed and employer contributions being set at a higher than necessary rate.

Starters: As with leavers the Actuary will assess future liabilities based on membership and pay records provided as at the valuation date (31/03/2010). It is therefore vitally important therefore that all new starters are notified to BCC (as per SLA) to ensure employer contribution rates are set correctly.

B. Other options available, and their pros and cons

N/A

C. Resource implications

The Pensions Administration team is funded by the Pension Fund. Year End processes generate a number of queries for the Pensions Team and Employers (over 2,500 queries

were generated from the 2007/2008 process). Many of these were as a result of information as detailed above not being supplied to the Pensions Team. Provision of information on a regular monthly basis as per the SLA will reduce the number of year end queries and reduce the pressure on both employers and the County Council. This will be especially important in valuation year as all year end queries will need to be resolved by 30 June 2010. With reference to the Charging Structure report as presented by Julie Vrondis, this ties in with the principle of this report.

D. Legal implications

It is a statutory obligation for the County Council to provide a Pensions Service on behalf of Scheme employers. The County Council has a statutory obligation to obtain from the Fund Actuary a valuation report and rates and adjustments certificates every three years starting 31 March 2010.

E. Other implications/issues

There are none.

F. Feedback from consultation and Local Member views

None