

Agenda

PENSION FUND CONSULTATIVE GROUP

Date: Thursday 6 December 2012
Time: 10.00 am
Venue: Mezzanine Room 2, County Hall, Aylesbury

Agenda Item	Page No
1 APOLOGIES / CHANGES IN MEMBERSHIP	
2 DECLARATIONS OF INTEREST To declare any personal and prejudicial interests.	
3 MINUTES To confirm the minutes of the meeting held on 15 March 2012.	1 - 4
4 LGPS 2014 Report from the Principal Pensions Officer (Administration) is attached.	5 - 28
5 CIPFA BENCHMARKING - PENSIONS ADMINISTRATION Report from the Principal Pensions Officer (Administration) is attached.	29 - 52
6 PENSIONS ADMINISTRATION PERFORMANCE Report from the Principal Pensions Officer (Governance & Employer Liaison) is attached.	53 - 54
7 YEAR-END REVIEW Report from the Principal Pensions Officer (Governance & Employer Liaison) is attached.	55 - 56
8 DATE OF NEXT MEETING The next meeting is due to take place on Thursday 7 March 2013 at 10am.	
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 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the	



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financial or business affairs of any particular person (including the authority holding that information)

10	CONFIDENTIAL MINUTES	57 - 58
	To confirm the confidential minutes of the meeting held on 15 March 2012.	
11	PENSION FUND PERFORMANCE	59 - 74
	Report attached from Julie Edwards, Pensions & Investments Manager.	
12	CONFIDENTIAL APPENDIX TO LGPS 2014	75 - 78

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

*For further information please contact: Liz Wheaton on 01296 383856
Fax No 01296 382421, email: ewheaton@buckscc.gov.uk*

Members

Mr F Downes, Pension Fund Committee Representative (C)
Ms S Burgess, Admitted Body Representative - Heritage Care
Mr S Cox, Pensioner Representative
Mr M Cross, Unison Representative
Ms C Daltry, People and Policy Representative
Mrs J Eubank, Employee Representative
Mr S Mason, Aylesbury Vale District Council Representative
Mr J McMillan, Wycombe District Council Representative
Ms T Pearce, Chiltern District Council Representative
Ms L Turvey, Admitted Body Representative - Fremantle Trust
Mr J Burness, South Bucks District Council
Mr M Chard, Employee Representative
Mr G Waghorn, Milton Keynes Council
Ms J Edwards, BCC Finance Representative
Mr I Thompson, Thames Valley Police

Minutes

PENSION FUND CONSULTATIVE GROUP

MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON THURSDAY 15 MARCH 2012, IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY, COMMENCING AT 10.03 AM AND CONCLUDING AT 10.37 AM.

MEMBERS PRESENT

Mr F Downes, Pension Fund Committee Representative (Chairman)
Mrs J Eubank, Employee Representative
Ms T Pearce, Chiltern District Council Representative
Ms L Turvey, Admitted Body Representative - Fremantle Trust
Mr M Chard, Employee Representative
Mr G Waghorn, Milton Keynes Council
Ms J Edwards, BCC Finance Representative
Mr I Thompson, Thames Valley Police

OFFICERS PRESENT

Mr C Thompson, Principal Pensions Officer
Mrs M Keyworth, Democratic Services Officer
Mrs E Wheaton, Democratic Services Officer (Observer)

AGENDA ITEM

1. APOLOGIES / CHANGES IN MEMBERSHIP

Members were informed that Chris Daltry has replaced Ann Cobban as the People and Places Representative.

Apologies were received from Chris Daltry, Stuart Cox and Mark Preston.

Members were also informed that Liz Wheaton would be taking over as Clerk to the meeting. The Chairman, on behalf of the Group, thanked Maureen Keyworth for her support to the meeting in the past years.



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2. MINUTES

The minutes of the meeting held on 1 December 2011 were agreed as a true record.

3. UPDATE ON LGPS REFORM

At the last meeting in December, members discussed the proposals for the LGPS contained in the consultation, which were due to come into effect in April 2012. These proposals would only be in place for three years until the new Scheme came into force in April 2015.

Since that meeting, the LGA wrote to the Chancellor, expressing concern regarding the impact of the increase in contributions and the possibility of an increase in opt outs. In January 2012 Government announced that a proposed way forward for reform of the LGPS had been agreed. A single solution to long and short term issues would be addressed by the early introduction of the new Scheme in April 2014. The new Scheme would include proposals for the pension being based on career average earnings and zero increase in employee contributions for all or most members. Retention of members would be encouraged by offering a flexible retirement option. It was hoped that this would be agreed by April 2012 with the new regulations being put in place by 31 March 2013.

It was noted that the Pension Fund Committee would be submitting their comments on the new proposal. It was hoped that because the LGA was involved further discussions would be less contentious and the Chairman said he was pleased that there was Union involvement.

It was also noted that there had not been much press coverage regarding the new proposal but the DCLG had attended discussions.

There would be protection for current members for up to 10 years before retirement and members would have protection for benefits accrued up to 2015

A member asked whether there had been any suggestions for combining Pensions, i.e. a South East Fund. The Pensions and Investments Manager said that this had been discussed and there was a proposal for five super funds, but currently this had not been progressed. It would be difficult to manage because of local accountability. There had been similar discussions in Wales and Scotland, but they had pulled back.

The Pension Fund Consultative Group commented on the proposals

4. ADMINISTRATION TEAM PERFORMANCE

Members received the report from the Service Director (Finance & Commercial Services). The following was noted:

- Since the last meeting of the group the number of tasks being completed over target has consistently remained below 1.5%.
- In November 2011 36 new deaths were notified and letters to the next of kin or persons dealing with the estate of the deceased, were sent out the same day notification was received.
- Also in November 149 estimates of benefits were calculated, of these 54 related to redundancy and only two were calculated outside the target time.
- During the reporting period there were 3,500 new starters and 2,500 leavers. The

breakdown of these statistics was contained in the report attached to the agenda.

The Group was asked to note there would be an employer training day on 30 April. Details of the day would be contained in the newsletter and all employers were encouraged to send a representative.

In answer to a member's question about how many people were in the Administration Team, it was noted there were approximately 15 members of staff dealing with the day to day administration. The Chairman considered this was not a large number of people considering the amount of work undertaken.

5. DATE OF NEXT MEETING

The next meeting of the Pension Fund Consultative Group will be held on 6 December 2012 at 10.00am in Mezzanine Room 2.

The Chairman asked the members about the content of the meetings and whether there were any other issues they wished to discuss. A member suggested issues around the year end close down. It was noted that this would be covered at the Employer Training Day.

6. 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)

7. CONFIDENTIAL MINUTES

The confidential minutes of the meeting held on 1 December 2012 were agreed as a correct record.

8. FUND MANAGERS' PERFORMANCE

Members received the report of the Pensions and Investments Manager which gave a breakdown of how the Pension Fund performed during the quarter ending 31 December 2011.

The Pension Fund Consultative Group noted the performance of the Pension Fund's fund managers for the fourth quarter of 2011, ending 31 December 2011 and commented as appropriate.

CHAIRMAN

Pension Fund Consultative Group

Title: LGPS 2014

Date: 6th December 2012

Author: Liz Hughes, Principal Pensions Officer

Contact officer: As above. (01296) 383789

Summary

Information relating to the main features of the proposed LGPS 2014 which commences from 1st April 2014, are provided in the form of a Fact Sheet produced by the Pensions & Investment Team, and an Examples document, produced by The LGPS 2014 Project (please see the Appendices)

Recommendation

The Group are asked to be aware of, and consider, the proposals of the LGPS 2014 scheme in preparation for the formal consultation, now due in the New Year, and looking forward to the implementation of the new scheme on 1st April 2014.

Supporting information to include the following if a decision is being requested:

Resource implications

One of the key areas where extra resources will be needed is in communicating the details of the new scheme, once known. It is anticipated that this will involve a significant communications exercise, including publications, roadshows across the administering authority area (Buckinghamshire, Milton Keynes & other parts of the Thames Valley), and training for employing authorities in terms of how their roles have changed.



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There are also likely to be resourcing implications in implementing the new scheme, but it will be difficult for these to be known until the scheme is finalised. When implementing the 2008 scheme, there was a period of approximately 5-7 months before the administration software was updated to reflect the scheme changes, resulting in the majority of pension calculations needing manual amendment. It must be noted that the 2008 scheme regulations were not released until 31st March 2008.

The original Project Plan for the 2014 scheme estimates that the regulations will be in force by 1st April 2013, allowing time for administering authorities and software providers to amend their systems and procedures. The deadlines for earlier stages in the project have slipped, so it is possible the publication of the final regulations will also be later than originally anticipated.

However, a ministerial statement issued on 23rd November states:

“The intention remains to have the new scheme regulations in place to coincide with the next Scheme valuation in 2013 to enable local fund actuaries to reflect elements of the new design in this process before the reformed Scheme comes into operation in 2014 and to give software and payroll providers sufficient time to establish and test procedures for the scheme after April 2014.”

We will continue to monitor this situation closely.

Legal implications

Buckinghamshire County Council must comply with the new scheme as laid out in statute.

Other implications/issues

None.

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

Not applicable

Background Papers

Appendix A: LGPS 2014 Update (June 2012)

Appendix B: LGPS 2014 – Examples

Appendix C: Joint Statement (November 2012)

Appendix D: Ministerial Statement (23rd November 2012)

LGPS 2014 - JOINT STATEMENT

UPDATE ON PROGRESS OF WORKSTREAMS 1 AND 2

SCHEME DESIGN (WORKSTREAM 1)

The proposals agreed jointly by the Local Government Association (LGA) and trade unions were roundly endorsed by employers and members in a consultation exercise undertaken in the summer.

It was expected that draft regulations designed to implement these proposals would be the basis of a statutory consultation in the autumn. However the work involved in developing the details required for regulations has taken longer than initially envisaged and we would now expect regulations by the end of the year.

The delay will not change the basis of the agreement reached and we can confirm that the regulations will set out the scheme consulted on in the summer.

SCHEME GOVERNANCE AND COST MANAGEMENT (WORKSTREAM 2)

The Local Government Association (LGA) and trade unions reached agreement on and submitted to government at the end of July a set of proposals covering the future governance and cost management of the scheme.

Extensive and detailed discussions have since followed with the government on these proposals and a point of final sign off has not yet been reached. However in order to clarify the nature of those discussions and to dispel any misinformation that may be circulating we set out below the essential elements of those proposals.

- | | |
|----------|--|
| 1 | Both governance and cost management are equally essential to the future sustainability of the scheme and should not be considered in isolation |
| 2 | A national LGPS board would be set up to include representatives of scheme employers, scheme members, the government and professional bodies. The remit of the board would be to extend best practice, increase transparency, co ordinate technical and standards issues and provide an effective liaison with the scheme regulator |

3	The board would also manage the future cost of the scheme and explore effective improvements in value for money in the areas of administration and investments
4	Although not having any statutory powers of its own the board would make recommendations to the Secretary of State, the regulator or professional standards bodies in order to further its remit
5	At the local level we propose that boards provide for a greater degree of segregation between funds and administering authorities and that the potential for conflicts of interest at both member and officer level is reduced
6	Membership of local boards is proposed to require a minimum recognised level of skills and knowledge and to include representation for fund employers and trade unions
7	We also propose that best practice with regard to transparency and accountability is extended across all funds
8	For cost management a total future service target cost for the scheme from April 2014 be set at 19.5%
9	The cost of the scheme shall be measured at each valuation taking into account both model and individual fund data with movements in cost driven by changes to membership data or assumptions reflected in changes to future scheme design
10	Such changes are to be considered, and actions to amend the scheme agreed by both employers and unions with recommendations made to the Secretary of State. Where the movement is 2% or more in either direction the Secretary of State shall be obliged to take action
11	Although financial assumptions are excluded from the formal process we are proposing that movements in these be considered by the national board in order to ensure the future sustainability of the scheme
12	Finally the project have recommended that a working party be set up to investigate potential solutions to the issue of past service deficits.

We shall continue to work closely with government and are seeking to agree an outcome with regard to these proposals as soon as possible. It would be our intention for narrative covering governance and cost management to be included with the draft regulations in the forthcoming statutory consultation.

LGPS 2014 Project Board
1st November 2012

Local Government Pension Scheme Update - June 2012



The LGPS 2014 proposals

Lord Hutton was appointed to chair the Independent Public Service Pensions Commission in order to look into how public service pensions could be made sustainable and affordable in the long term, while being fair to both the public service workforce and the taxpayer.



Last year, the Commission's final report was published. It made a number of recommendations which were considered by all interested parties.

Following the acceptance (in December 2011) by Government of a principles document submitted by the Local Government Association (LGA), UNISON and GMB on how to take forward the reform of the LGPS in England and Wales, the LGPS 2014 project was set up to reach agreement on the elements of the new scheme, together with the management and governance of the scheme going forward.

On 31 May 2012 the Local Government Association (LGA) and trade unions announced the outcome of their negotiations on new LGPS proposals (for England and Wales). The new Scheme will take effect from 1 April 2014.

These proposals are now being communicated to scheme members, employers, funds, and other interested parties. Unions will consult their members over these proposals and the LGA will consult employers.

The Government has said that a favourable outcome of these consultations would allow them to move directly to a statutory consultation this autumn, so that LGPS 2014 can be developed.

You can find detailed information about all aspects of the proposals within this newsletter and by visiting our website. A summary of the proposals can be found at the end of this newsletter.

The Pensions Team are unable to produce quotes based on the proposals. We should be able to provide quotes once the Regulations are in place (expected March/April 2013) and our pensions administration software updated (± Autumn 2013).

For more information:

- Visit: www.buckscc.gov.uk/pensions and click "Changes to the Scheme"
- Email: pensions@buckscc.gov.uk
- Call: 01296 383755



The LGPS 2014 Benefits

The new scheme benefits will apply from 1 April 2014. All benefits in payment or built up before 1 April 2014 are protected. If you are in receipt of a pension or have left with a deferred pension, the proposed changes will not affect those benefits.

Current LGPS 2008 compared to proposed LGPS 2014

Feature	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revalued Earnings (CARE)
Accrual Rate	1/60 th	1/49 th
Revaluation Rate	Benefits based on final salary	Consumer Price Index (CPI)
Pensionable Pay	Pay excluding non-contractual overtime and non-pensionable additional hours	Pay including non-contractual overtime and additional hours for part time staff
Contribution Flexibility	No	Yes, members can pay 50% contributions for 50% of the pension benefit
Normal Pension Age	65	Equal to the individual member's State Pension Age (minimum age 65)
Lump Sum Option	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x pensionable pay	3 x pensionable pay
Death in Service Survivor Benefits	1/160th accrual based on Tier 1 ill health pension enhancement	1/160th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 - immediate payment with service enhanced to Normal Pension Age (65) Tier 2 - immediate payment of pension with 25% service enhancement to Normal Pension age (65) Tier 3 - temporary payment of pension for up to 3 years	Tier 1 - immediate payment with service enhanced to Normal Pension Age Tier 2 - immediate payment of pension with 25% service enhancement to Normal Pension age Tier 3 - temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI (Retail Price Index for pre 2011 increases)	CPI
Qualifying Period for benefits	3 months	2 years

What type of scheme will it be?

A Career Average Pension

It is proposed that the LGPS 2014 will be a career average scheme, often referred to as a CARE scheme or Career Average Re-valued Earnings scheme.

Like the current scheme, the proposed scheme remains a defined benefit pension scheme. This means that a member of the LGPS knows the level of benefit they are accruing each year and that the benefit has been based on a set formula.

In a final salary scheme it is the pensionable pay at the end of the period of membership that is used in the calculation of the pension benefit. What is proposed for LGPS 2014 is that the pensionable pay for each year is used to calculate the pension pot for that year and that pension pot is then revalued each year by inflation (CPI) until retirement.

How would my Pension be worked out?

Each year the pension pot accrued/built up will be calculated as follows:

$$\text{Pension} = \text{Membership} \times 1/49^{\text{th}} \times \text{Pensionable Pay}$$

All the preceding years' revalued pension pots are then added together to arrive at the total annual pension. So the pension builds up as follows:

$$\begin{aligned} & \text{Pension for year 1} \times \text{inflation \% (i.e. CPI revaluation)} \\ & + \text{Pension for year 2} \times \text{inflation \%} \\ & + \text{Pension for year 3} \times \text{inflation \%} \\ & + \text{revalued pension pot for each year until membership ends} \\ & \underline{\text{Total Pension}} \end{aligned}$$

Example 1

$$\text{Pension} = 1 \text{ year} \times 1/49^{\text{th}} \times \text{£10,000} = \text{£204.08 per annum}$$

(Membership x 1/49th x Pensionable Pay)

You would normally expect your pay to increase each year and for this example we have assumed an increase of £500 each year. Also we have already said that each year the pension "purchased" will be increased by inflation.

Let us assume a rate of inflation of 3% per year. The example below shows the impact both of these have on the pension payable.

Example 2

Year	Pensionable Pay	Pension	Revalued pension to 2018
2014	£10,000	£204.08	£229.70
2015	£10,500	£214.29	£234.16
2016	£11,000	£224.49	£238.16
2017	£11,500	£234.69	£241.73
2018	£12,000	£244.90	£244.90
Total			£1,188.65 per year

How will the new scheme affect me?

Will I still receive a tax free lump sum?

You will still be able to exchange some of your pension to provide a tax free lump sum at retirement. For every £1 of pension given up you will get £12 cash. Up to 25% of the LGPS benefit (including Additional Voluntary Contributions but subject to HMRC tax limits) can be traded in this way.

In example 2, assuming this is the member's only pension saving (other than the state pension), a maximum of £5,094.12 could be taken as a lump sum leaving a reduced annual pension of £764.14 (reduced from £1,188.00).

When can I retire?

Normal retirement age is when you can retire and receive an unreduced pension. Under the LGPS 2014, normal pension age will be linked to the age you can receive your state pension. This means that many members will see an increase in the age that they can take their pension without reduction.

Remember, however, that the benefits you have accrued prior to April 2014 can still be taken at age 65 and there are further protections for members who satisfy the rule of 85 and an underpinning of benefits for members within ten years of retirement.

It is also possible to retire early and get an LGPS pension at any age on or after your 55th birthday, but the pension will be reduced by a set amount depending on how many years before your normal pension age you wish to retire.

Do I have the flexibility to reduce my contributions?

The proposed scheme introduces an option that allows employees eligible for membership of the LGPS to contribute less and receive a smaller benefit in return instead of opting out of the LGPS altogether. The option is not designed to be an alternative scheme or to replace long term membership of the full scheme.

The 50/50 option will work very simply. You can pay half rate contributions and receive half the benefit. Therefore, in example 2, the pension awarded would be £102.04 per year.

The 50/50 option will allow you to still retain the full value of other benefits such as the death in service lump sum.

How much will I pay in the new scheme?

Contribution rates for the majority of scheme members will not increase under the new proposals.

The new contribution bands take tax relief and level of income into account so that those in the top bands will see their net contribution rates after tax relief progressively increase as shown in the LGPS 2014 table below.

There is however, an important change to the way the contribution rates are assessed for part time employees.

Under the current scheme the percentage of pension contributions that you pay is based on the pay that you would receive if you worked full time. If, for example, your actual pay is £12,000 per year and you work 18.5/37 hours per week, the pay used to determine the percentage that you contribute to the pension scheme would be the full time pay for that job, which would be £24,000 per year. The contribution rate in the LGPS 2008 table below shows this to be 6.5%.

This means that you would pay contributions of 6.5% of your actual pay of £12,000. However, as a tax payer, the actual contributions paid in to the fund from your pay after tax relief would be 5.2% of your actual pay.

The proposals for the LGPS 2014 Scheme mean that the contribution rate will be assessed by reference to your actual part time earnings so taking the example given, this would mean that the contribution rate would reduce to 5.5% of your actual pay of £12,000 which would be 4.4% after tax relief.

LGPS 2008 (Current Scheme)		
Full Time Equivalent Pensionable Pay	Gross Contribution	Contribution after Tax Relief*
Up to £13,500	5.5%	4.40%
£13,501 to £15,800	5.8%	4.64%
£15,801 to £20,400	5.9%	4.72%
£20,401 to £34,000	6.5%	5.20%
£34,001 to £45,000	6.8%	5.44%
£45,001 to £85,300	7.2%	4.32%
More than £85,300	7.5%	4.50% or 4.13%

LGPS 2014 (New Scheme)		
Actual Pensionable Pay	Gross Contribution	Contribution after Tax Relief*
Up to £13,500	5.5%	4.40%
£13,501 to £21,000	5.8%	4.64%
£21,001 to £34,000	6.5%	5.20%
£34,001 to £43,000	6.8%	5.44%
£43,001 to £60,000	8.5%	5.10%
£60,001 to £85,000	9.9%	5.94%
£85,001 to £100,000	10.5%	6.30%
£100,001 to £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

*Please note that the net contribution rates stated are approximate and will depend on individual members' circumstances.

Pay under the current scheme does not include non contractual overtime or additional casual hours undertaken by part time employees. The new scheme will take these elements into account in the assessment of the contribution rate, and in the calculation of your pension benefits.

What are my protections in the new scheme?

Members with service in the current final salary scheme will retain the link to final salary for all service before 1 April 2014 and the normal retirement age of 65. Your benefits under LGPS 1997 and LGPS 2008 will be calculated separately when you retire and be added to your benefits in the LGPS 2014 scheme.

To ensure that no member within ten years of age 65 as at 1 April 2012 is worse off, there will be an “underpin”. This means that those members who would see a change in their benefits in that period will get a pension at least equal to that which they would have received in the current scheme.

If you currently qualify for the rule of 85 protections, these will continue to apply. Remember transitional protection will start to taper in 2016 until phasing out in 2020.

What happens if my employment is compulsorily transferred?

It is proposed that provisions of the current scheme will be extended to ensure that all staff whose employment is compulsorily transferred will still be able to retain membership of the LGPS when transferred.

Summary

Main benefit structure of the LGPS 2014:

- A Career Average Revalued Earnings (CARE) scheme, using CPI (the Consumer Prices Index) as the revaluation factor.
- There will be no normal scheme pension age (currently age 65); instead your Normal Pension Age (NPA) is your State Pension Age.
- More flexibility when you can retire; i.e. at any age on or after your 55th birthday but with your benefits reduced by a set amount depending on how many years before your NPA.
- The accrual rate has improved from 1/60th to 1/49th.
- The introduction of a 50/50 scheme where you can elect to pay 50% of contributions to receive 50% of benefits.
- Pensionable Pay will be actual pensionable pay to include non-contractual overtime and additional hours for part-time staff.
- Death in Service lump sum will be 3 x pensionable pay.
- Members will have to accrue two years pensionable service to receive a benefit.
- Benefits accrued prior to 1 April 2014 are protected.

What happens next?

This newsletter sets out the current proposals. Negotiations are continuing on ways of managing the future costs of the LGPS and ways to improve the wider governance of the Scheme. The plan is that the current proposals will form the basis of a set of draft regulations which are due out in the autumn. This will provide the opportunity for a formal consultation process prior to the regulations becoming law by April 2013.

The Pensions Team are unable to produce quotes based on the proposals.

We should be able to provide quotes once the Regulations are in place - expected March/April 2013 - and our pensions administration software updated (most likely Autumn 2013).

For more details of the LGPS 2014:

- Visit: www.bucksgov.uk/pensions and click “Changes to the Scheme”
- Email: pensions@bucksgov.uk
- Call: 01296 383755

For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

LGPS 2014 - Examples

In all of the following examples it is assumed that each member is either already in service or joins on 1st April 2014. Pensions are calculated to the date of leaving service. The current Normal Pension Age (NPA) is assumed as age 65 in all cases and State Pension Ages have been calculated on the basis of existing government plans. The examples assume that CPI inflation is 2.5% each year and three different pay growth assumptions are shown:

- **Pay growth will be 1% a year** (that is, 1.5% below the assumed rate of inflation)
- **Pay growth will be 2.5% a year** (that is the same as the assumed rate of inflation)
- **Pay growth will be 4% a year** (that is, 1.5% above the assumed rate of inflation)

In some cases increases over and above assumed pay growth due to promotions are included.

The examples compare the total pension of the LGPS 2014, added to the protected pensions for service before 2014, with the total pension if the LGPS carried on as a final salary scheme after 2014

The pension in the LGPS 2014 is based on a 1/49th accrual rate for membership after 31 March 2014.

Both the protected and comparator Final Salary pensions in the examples use the current Normal Pension Age of 65 as well as the current 1/80th accrual rate for pre April 2008 membership and 1/60th accrual rate for membership after 31 March 2008 and before 1st April 2014. They are calculated using the final year's pensionable pay on leaving and this is derived by applying the annual pay growth assumption and any assumed promotion increases shown in the example to the pensionable pay figure at 1st April 2014 shown in the example. Any LGPS 1997 benefits would also include a lump sum (not shown).

In a number of the examples the pension at different ages is shown to give an indication of the effect of taking the benefits at those ages using the current LGPS early / late retirement factors. These are likely to be reviewed ahead of the new scheme starting. Members should note that on leaving pensionable service their pension will increase in line with CPI both during any period before the pension is brought into payment and when in payment.

LGPS 2014 – examples v 5.3 © The LGPS 2014 Project



EXAMPLE 1

Jenny is a full-time Housing Management Team Leader with annual pensionable pay of £33,312 on 1st April 2014. Jenny was born in 1965 so will be 49 on the 1st April 2014 with 8 years pensionable service in the LGPS (including two years transferred in from another pension scheme). Jenny thinks it unlikely she will be promoted prior to leaving her post. If Jenny leaves at age 61 and elects to take her benefits immediately both Jenny's pre and post 1st April 2014 pension amounts will be actuarially reduced but by different amounts. This is because her protected NPA of 65 means her pre 2014 pension is being taken 4 years early while her LGPS 2014 pension with an NPA of 67 is being taken 6 years early. If she remains in the scheme until 67 she will have no reduction on her LGPS 2014 pension and an increase to her pre 2014 pension due to it being taken two years later than her protected NPA.

JENNY			
Membership to April 2014 - 8 years			
State Pension Age – 67			
Assumed Pay Growth	1% per year	2.5% per year	4% per year
Age Pension Taken	61	61	61
Pre 2014 Protected Pension	£3,716	£4,371	£5,128
Membership from April 2014	12 years	12 years	12 years
LGPS 2014 Pension	£7,215	£7,814	£8,475
Total Pension	£10,931	£12,185	£13,603
Compared with a 20 year Final Salary pension	£9,663	£11,364	£13,333
Age Pension Taken	67	67	67
Pre 2014 Protected Pension*	£5,435	£6,982	£8,938
Membership from April 2014	18 years	18 years	18 years
LGPS 2014 Pension	£16,475	£18,620	£21,128
Total Pension	£21,910	£25,602	£30,066
Compared with a 26 year Final Salary pension*	£18,479	£23,742	£30,394

* As these benefits are shown at age 67 (two years after the protected NPA of 65) they include a 10.22% enhancement

For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

EXAMPLE 2

Eileen is a full-time teaching assistant who is not in the LGPS currently but hopes to join on the 1st April 2014 at the age of 25 at which time her annual pensionable pay will be £13,189.

Eileen hopes to be promoted to a cleaning supervisor in about 9 years time which should increase her annual pensionable earnings by 20% over and above her annual increases.

If Eileen leaves with 25 years pensionable service in the new scheme her deferred pension payable at 68 would be as shown in the table below. If Eileen takes her deferred benefit at 65 (the current Normal Pension Age) rather than 68 (her LGPS 2014 Normal Pension Age) her pension would be actuarially reduced by around 15%.

EILEEN			
Membership to April 2014 - 0 years			
State Pension Age - 68*			
Assumed Pay Growth**	1% per year	2.5% per year	4% per year
Age Pension Taken	68	68	68
Pre 2014 Protected Pension	£0	£0	£0
Membership from April 2014	25 years	25 years	25 years
LGPS 2014 Pension	£11,480	£13,729	£16,553
Total Pension	£11,480	£13,729	£16,553
Compared with a 25 year Final Salary pension	£9,657	£13,756	£19,495

* For examples where an SPA of 68 is quoted it should be noted that this is based on current published legislation and may turn out to be higher than 68. Please refer to the LGPS 2014 Retirement document for more information on SPA.

** Plus promotional increase as stated in the text

EXAMPLE 3

Denise is a part-time Administrator in Finance who will be 52 on the 1st April 2014. She will have 16 years accrued pensionable service (32 years at 50%) and have an annual pensionable pay of £11,906 at that time (this equates to an annual full-time equivalent pensionable pay of £23,812). She expects to continue working at 50% full-time hours. She does not anticipate being promoted prior to leaving her post. Denise hopes to stay in the LGPS until she is 65. If she does, only Denise's LGPS 2014 pension will be actuarially reduced for early payment as her Normal Pension Age for pre 1st April 2014 membership is protected at 65. If she stays until 67 no reduction is applied to her LGPS 2014 pension and her pre April 2014 pension would be actuarially increased.

DENISE			
Membership to April 2014 - 16 years*			
State Pension Age - 67			
Assumed Pay Growth	1% per year	2.5% per year	4% per year
Age Pension Taken	65	65	65
Pre 2014 Protected Pension	£5,702	£6,805	£8,101
Membership from April 2014	13 years	13 years	13 years
LGPS 2014 Pension	£3,466	£3,781	£4,130
Total Pension	£9,168	£10,586	£12,231
Compared with a 22.5** year Final Salary pension	£8,609	£10,275	£12,231
Age Pension Taken	67	67	67
Pre 2014 Protected Pension***	£6,410	£7,879	£9,657
Membership from April 2014	15 years	15 years	15 years
LGPS 2014 Pension	£4,654	£5,150	£5,712
Total Pension	£11,064	£13,029	£15,369
Compared with a 23.5** year Final Salary pension***	£10,180	£12,514	£15,336

* Denise has been in the scheme for 32 years but as a 50% part-time worker this translates to 16 years for the purposes of calculating benefits

** Calendar years of 45 and 47 respectively before taking into account 50% part time hours.

*** As these benefits are shown at age 67 (2 years after the protected NPA of 65) they include a 10.22% enhancement

LGPS 2014 – examples v 5.3 © The LGPS 2014 Project



For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

EXAMPLE 4

Tim is a full-time 42 year old Grade 5 Team Leader who will have an annual pensionable pay of £30,723 and 11 years pensionable service in the LGPS as at 1st April 2014. He is not optimistic about his promotion opportunities and does not wish to speculate.

If Tim leaves at age 65 with 23 years pensionable service in the new scheme his pension amounts would be those shown in the table below.

Only Tim’s LGPS 2014 pension has been actuarially reduced for early payment as his Normal Pension Age for pre 1st April 2014 membership is protected at 65.

TIM			
Membership to April 2014 - 11 years			
State Pension Age - 67			
Assumed pay growth	1% per year	2.5% per year	4% per year
Age Pension Taken	65	65	65
Pre 2014 Protected Pension	£6,214	£8,595	£11,832
Membership from April 2014	23 years	23 years	23 years
LGPS 2014 Pension	£18,878	£22,096	£26,045
Total Pension	£25,092	£30,691	£37,877
Compared with a 34 year Final Salary pension	£20,873	£28,870	£39,743

For an explanation of the terms underlined see the LGPS 2014- Glossary

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EXAMPLE 5

Darshan is a full-time technician in a further education college. He will be 24 on the 1st April 2014 and will have 2 years past service in the LGPS.

His annual pensionable pay at 1st April 2014 will be £18,354 and he expects to be promoted a year later with his pensionable pay increasing by 3% over and above his annual increases.

If Darshan leaves the scheme with 7 years pensionable service his deferred pension payable at 68 would be as shown in the table below. If Darshan takes his deferred benefit at 65 (his current Normal Pension Age) rather than 68 (his estimated LGPS 2014 Normal Pension Age) his LGPS 2014 pension would be actuarially reduced by around 16%.

DARSHAN			
Membership to April 2014 - 2 years			
State Pension Age - 68*			
Assumed pay growth**	1% per year	2.5% per year	4% per year
Age Pension Taken	68	68	68
Pre 2014 Protected Pension***	£756	£802	£850
Membership from April 2014	5 years	5 years	5 years
LGPS 2014 Pension	£2,055	£2,117	£2,180
Total Pension	£2,811	£2,919	£3,030
Compared with a 7 year Final Salary pension***	£2,646	£2,807	£2,975

* For examples where an SPA of 68 is quoted it should be noted that this is based on current published legislation and may turn out to be higher than 68. Please refer to the LGPS 2014 Retirement document for more information on SPA.

** Plus promotional increases as stated in the text

*** As these benefits are shown at age 68 (3 years after the protected NPA of 65) they include a 15.33% enhancement

EXAMPLE 6

Estelle is a 75% part-time Police Station Reception Clerk who will be 46 on the 1st April 2014 at which time her actual pensionable pay will be £16,938 (an annual full-time equivalent pensionable pay of £22,584). She is confident of a promotion in four years time worth an extra 10% over and above her annual pay increases.

Estelle will have 12 years pensionable service (16 years at 75%) at 1st April 2014. If she leaves and takes her benefits at age 60 her pre 1st April 2008 benefits will not be actuarially reduced (because she meets the Rule of 85). However, her 1st April 2008 to 31st March 2014 and post 31st March 2014 pensions will be actuarially reduced but by different amounts. If she stays until 67 there will be no reductions and an actuarial increase to her pre April 2014 pension benefits.

ESTELLE			
Membership to April 2014 - 12 years*			
State Pension Age - 67			
Assumed Pay Growth**	1% per year	2.5% per year	4% per year
Age Pension Taken	60	60	60
Pre 2014 Protected Pension	£4,262	£5,162	£6,236
Membership from April 2014	14 years	14 years	14 years
LGPS 2014 Pension	£4,480	£4,932	£5,440
Total Pension	£8,742	£10,094	£11,676
Compared to a 22.5*** year Final Salary pension	£8,022	£9,717	£11,737
Age Pension Taken	67	67	67
Pre 2014 Protected Pension****	£5,637	£7,570	£10,122
Membership from April 2014	21 years	21 years	21 years
LGPS 2014 Pension	£11,114	£12,858	£14,958
Total Pension	£16,751	£20,428	£25,080
Compared with a 27.75*** year Final Salary pension****	£14,407	£19,348	£25,872

*Estelle has been in the scheme for 16 years but as a 75% part-time worker this translates to 12 years for the purposes of calculating benefits

** Plus promotional increases as stated in the text

*** Calendar years of 30 and 37 respectively before taking into account 75% part time working

**** As these benefits are shown at age 67 (2 years after the protected NPA of 65) they include a 10.22% enhancement

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These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

EXAMPLE 7

Andre is a full-time Crime Scene Investigator. He will be 30 on the 1st April 2014 and will have built up 5 years pensionable service and have an annual pensionable pay of £21,099 per annum at that date

He hopes to remain in his post and the LGPS until age 55 and anticipates he would receive 4 promotions each worth 10% over and above his annual pay increases during that time.

If Andre remains in his employment to age 55 he could either take his pension with a substantial reduction or leave it as a deferred pension payable unreduced at age 68. The amounts payable at that age would be those shown in the table below. If Andre takes his deferred benefit at 65 (his current Normal Pension Age) rather than 68 (his estimated LGPS 2014 Normal Pension Age) the part of his pension relating to the LGPS 2014 would be actuarially reduced by around 16%.

ANDRE			
Membership to April 2014 - 5 years			
State Pension Age - 68*			
Assumed pay growth**	1% per year	2.5% per year	4% per year
Age Pension Taken	68	68	68
Pre 2014 Protected Pension***	£3,770	£5,370	£7,610
Membership from April 2014	25 years	25 years	25 years
LGPS 2014 Pension	£20,056	£24,135	£29,282
Total Pension	£23,826	£29,505	£36,892
Compared with a 30 year Final Salary pension***	£22,618	£32,219	£45,661

* For examples where an SPA of 68 is quoted it should be noted that this is based on current published legislation and may turn out to be higher than 68. Please refer to the LGPS 2014 Retirement document for more information on SPA.

** Plus promotional increases as stated in the text

*** As these benefits are shown at age 68 (3 years after the protected NPA of 65) they include a 15.33% enhancement

For an explanation of the terms underlined see the LGPS 2014- Glossary

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EXAMPLE 8

Tom is a full-time Street Cleaner. He will be 46 on the 1st April 2014, will have pensionable pay of £9,860 per annum and will have built up 4 years pensionable service by that date.

Tom does not anticipate any promotions between now and when he hopes to retire. Given his income he expects to remain working until his state pension is payable at 67. His protected pre April 2014 pension would therefore be actuarially increased as Tom will be taking it 2 years after his protected NPA of 65.

TOM			
Membership to April 2014 - 4 years			
State Pension Age - 67			
Assumed pay growth	1% per year	2.5% per year	4% per year
Age Pension Taken	67	67	67
Pre 2014 Protected Pension*	£884	£1,187	£1,587
Membership from April 2014	21 years	21 years	21 years
LGPS 2014 Pension	£5,999	£6,294	£8,038
Total Pension	£6,883	£8,111	£9,625
Compared with a 25 year Final Salary pension*	£5,525	£7,420	£9,921

* As these benefits are shown at age 67 (2 years after the protected NPA of 65) they include a 10.22% enhancement

For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

EXAMPLE 9

Bronwyn is a full-time Gardener. She was born in 1961 so will be 53 on the 1st April 2014 with 25 years pensionable service in the LGPS and an annual pensionable pay of £12,788 at that date. She is confident she will get one more promotion prior to retiring which will increase her pay by 5% over and above any annual pay increase.

Bronwyn hopes to retire at 65 by which time she will have 12 years in LGPS 2014. She is aware her LGPS 2014 pension will be actuarially reduced as she will be retiring 2 years before her new Normal Pension Age. However, she has planned to go at 65 for some time and does not wish to change those plans. Her protected pre April 2014 pension is payable without a reduction at 65.

BRONWYN			
Membership to April 2014 - 25 years			
State Pension Age - 67			
Assumed pay growth*	1% per year	2.5% per year	4% per year
Age Pension Taken	65	65	65
Pre 2014 Protected Pension	£5,056	£5,946	£6,976
Membership from April 2014	12 years	12 years	12 years
LGPS 2014 Pension	£3,457	£3,749	£4,070
Total Pension	£8,513	£9,695	£11,046
Compared with a 37 year Final Salary pension	£8,052	£9,470	£11,111

* Plus promotional increases as stated in the text

For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

EXAMPLE 10

John is an assistant Finance Director and his annual pensionable pay on 1st April 2014 will be £73,210. John will be 62 on that date with 35 years pensionable service in the LGPS.

Although he could take an unreduced pension earlier, due to his protected Rule of 85 option, John plans to retire at 65, which is his Normal Pension Age for both his protected pre 2014 pension and his 3 years in the LGPS 2014.

JOHN			
Membership to April 2014 - 35 years			
State Pension Age - 65			
Assumed pay growth	1% per year	2.5% per year	4% per year
Age Pension Taken	65	65	65
Pre 2014 Protected Pension	£34,540	£35,574	£36,623
Membership from April 2014	3 years	3 years	3 years
LGPS 2014 Pension	£4,641	£4,709	£4,778
Total Pension	£39,181	£40,283	£41,401
Compared with a 38 year Final Salary pension	£38,274	£39,420	£40,582

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These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

EXAMPLE 11

Susan a HR manager was born in 1959 and will be 55 on 1st April 2014 at which time she will be have pensionable pay of £48,320 and 20 years membership in the LGPS. Her State Pension Age will be 66 so if she retires at 65 (her protected pre 2014 Normal Pension Age) her LGPS 2014 pension will be reduced by 5%. If, however, she continues in work until 66 (her LGPS 2014 Normal Pension Age) her pre 2014 pension will be actuarially increased.

Susan is confident that she will receive two more promotions before she retires both of 20% over and above her assumed pay growth.

SUSAN			
Membership to April 2014 - 20 years			
State Pension Age - 66			
Assumed Pay Growth*	1% per year	2.5% per year	4% per year
Age Pension Taken	65	65	65
Pre 2014 Protected Pension	£20,927	£23,897	£27,235
Membership from April 2014	10 years	10 years	10 years
LGPS 2014 Pension	£12,292	£13,197	£14,180
Total Pension	£33,219	£37,094	£41,415
Compared with a 30 year Final Salary pension	£33,611	£38,379	£43,741
Age Pension Taken	66	66	66
Pre 2014 Protected Pension**	£22,215	£25,743	£29,768
Membership from April 2014	11 years	11 years	11 years
LGPS 2014 Pension	£14,831	£16,057	£17,402
Total Pension	£37,046	£41,800	£47,170
Compared with a 31 year Final Salary pension**	£37,024	£42,905	£49,614

* Plus promotional increases as stated in the text

** As these benefits are shown at age 66 (1 year after the protected NPA of 65) they include a 5.11% enhancement

LGPS 2014 – examples v 5.3 © The LGPS 2014 Project



Pension Fund Consultative Group

Title: CIPFA Benchmarking – Pensions Administration

Date: 6th December 2012

Author: Liz Hughes, Principal Pensions Officer

Contact officer: As above. (01296) 383789

Summary

The County Council participates in the CIPFA Pensions Benchmarking Club. Data is submitted annually and the Council is measured against other participating authorities.

Recommendation

Members are asked to consider and comment on the report attached at Appendix A.

Supporting information to include the following if a decision is being requested:

The County Council has participated in the CIPFA Pensions Benchmarking Club for 10 years. Data is supplied on cost, workload and staff related measures, and Industry Standard Performance Indicators.

Resource implications

The report is an indication of how the County Council compares to other administering authorities in relation to administration cost per scheme member. The report also provides a breakdown of the cost per member for various categories, such as staff & payroll costs.

Legal implications

There is no legal requirement to participate; however, membership of the club ensures that various areas of pensions administration are analysed annually on a statistical



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basis. It also provides evidence that we are comparing favourably with other administering authorities. The data is confidential and should only be shared with authorities who participate. Other authorities are not identified and our data is highlighted in black.

Other implications/issues

None.

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

Not applicable

Background Papers

Appendix A: 2011/2012 Pensions Administration Benchmarking Club 2012 – Final Report

Pensions Administration Benchmarking Club 2012

Buckinghamshire County Council

compared with

62 authorities

FINAL REPORT

Computed and printed by:
CIPFA Business Limited
3 Robert Street, London, WC2N 6RL
Tel: 0203 117 1840

PREFACE

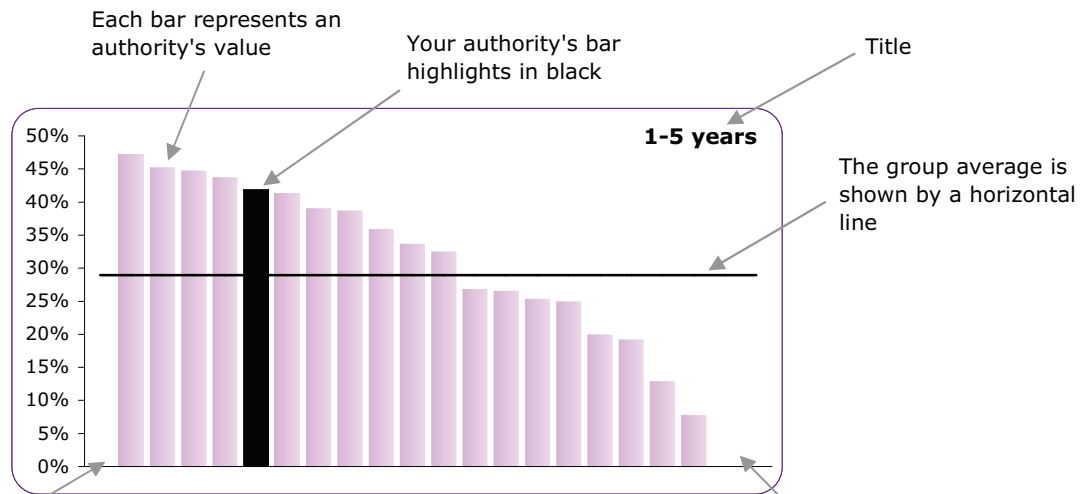
This report compares your data with the group of authorities specified on the title page.

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 the following sections.

	Page
1 Summary 2012	4
2 Cost Measures	5
3 Workload Measures	9
4 Staff Related Measures	16
5 Industry Standard Performance Indicators	20
6 Comparison with Private Sector } <i>final reports only</i>	21
7 Timeseries } <i>final reports only</i>	22

Section 1 - Summary 2012

This page provides a brief summary of the most salient aspects of the report.

Section 2 - 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 provided in this section.

Section 3 - 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 a full analysis of the various types of retirements
- number of quotations provided and actual events processed
- AVCs, ARCs and Added years
- appeals

Section 4 - 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 5 - Industry Standard Performance Indicators

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

Section 6 - Comparison with Private Sector (final report only)

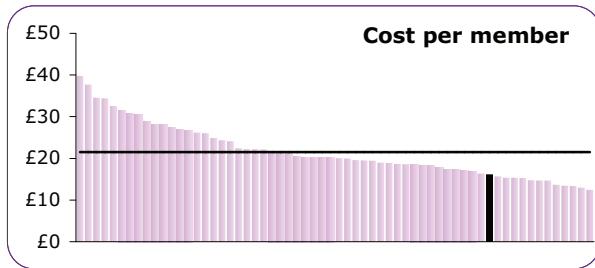
This shows members' costs and averages compared to private sector averages for in-house and externally managed pension schemes. The external data is taken from the Capita Hartshead Annual Pension Scheme Admin Survey 2012.

Section 7 -Timeseries (final report only)

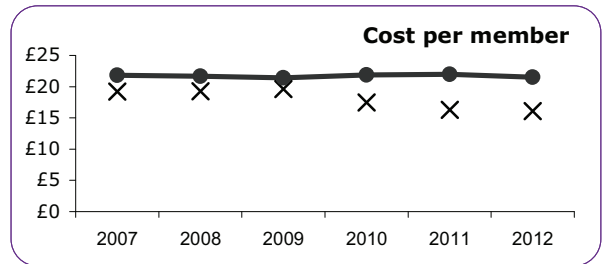
This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

SECTION 1 - SUMMARY 2012

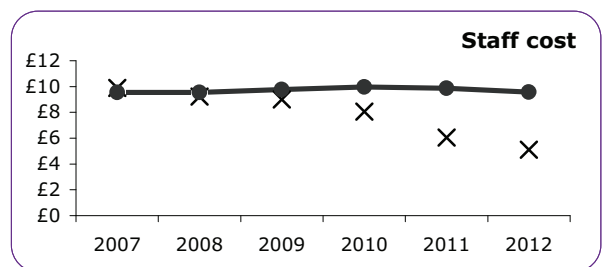
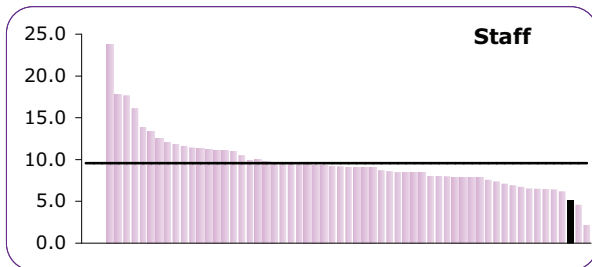
NET COST / MEMBER 2011-12



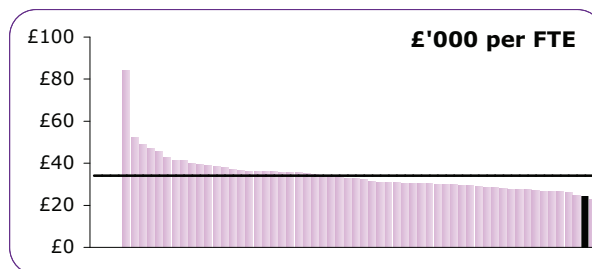
● Club average
X Buckinghamshire



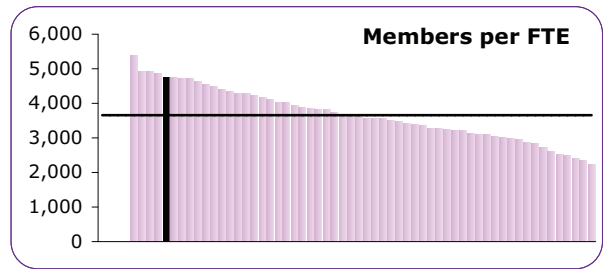
STAFF COST / MEMBER 2011-12



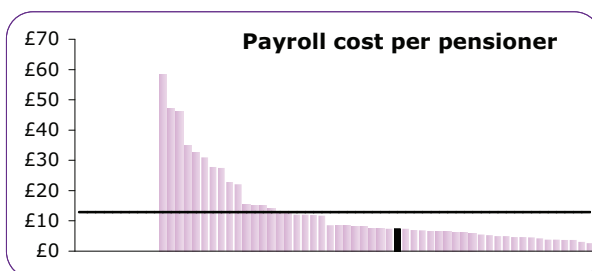
COST £'000 / FTE



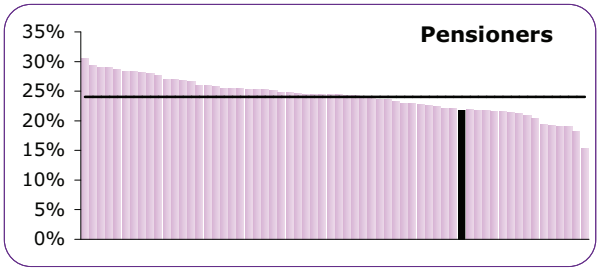
MEMBERS LGPS / ADMIN FTE



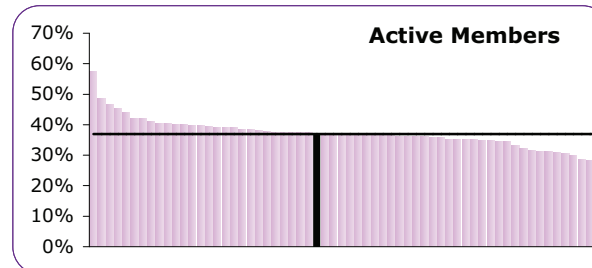
PAYROLL COST / PENSIONER



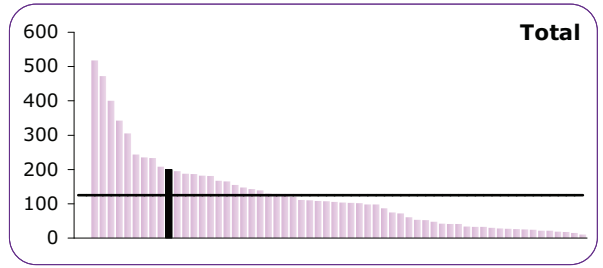
PENSIONERS AS A % MEMBERS



ACTIVES AS A % MEMBERS



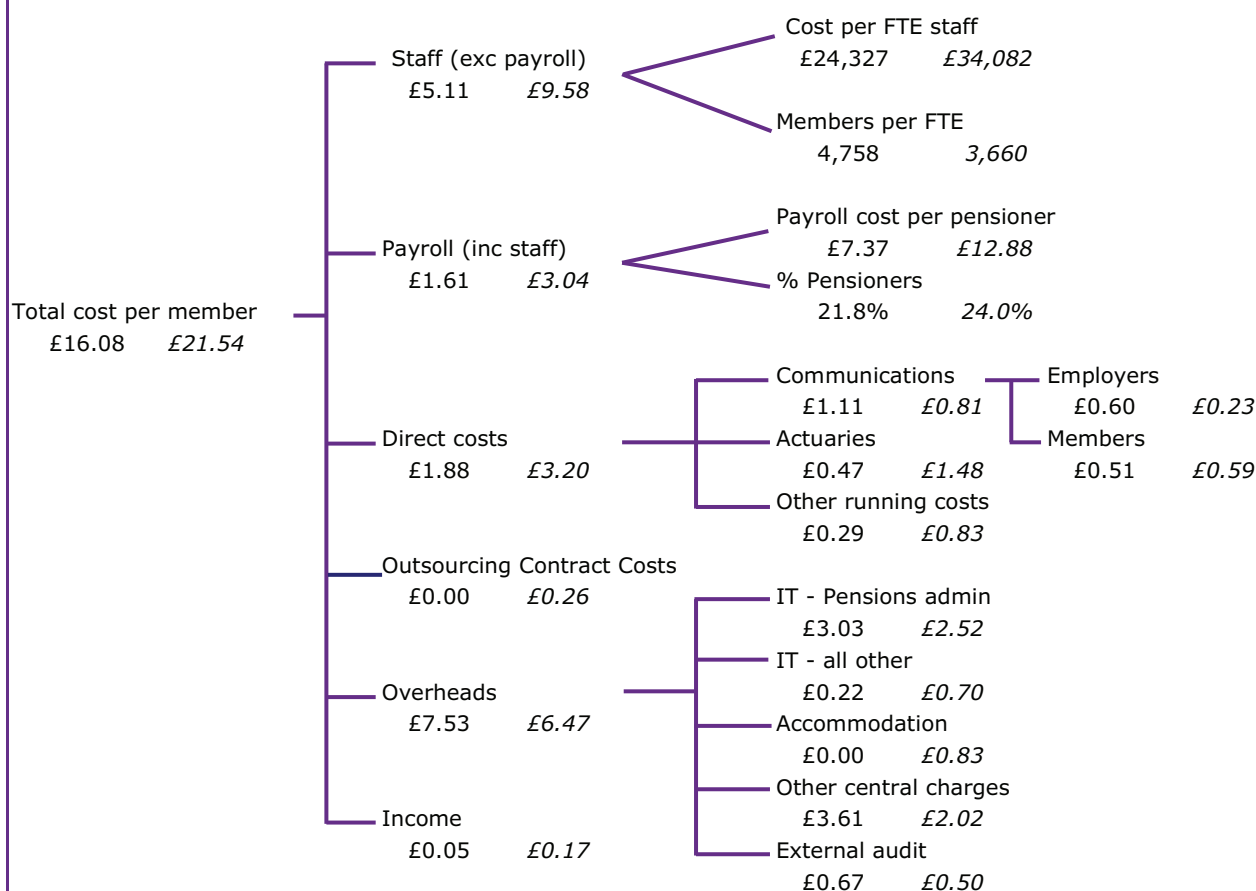
NUMBER OF LGPS EMPLOYERS



SECTION 2 - COST MEASURES

COST/MEMBER TREE 2011-12

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.



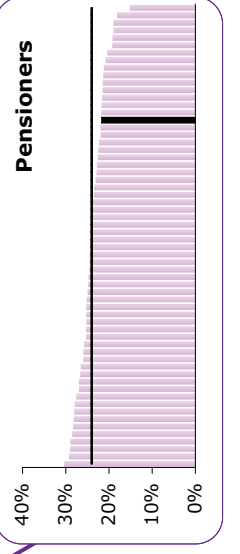
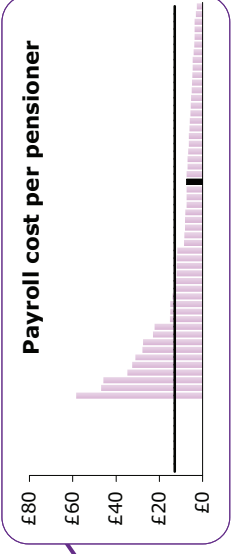
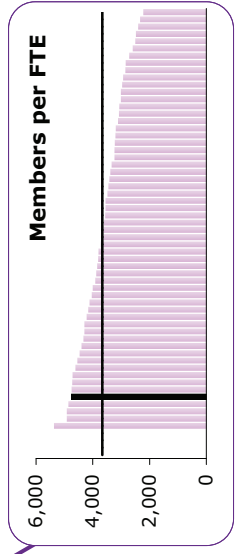
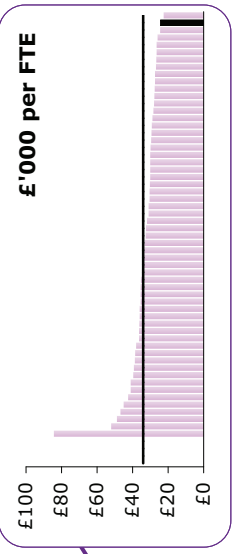
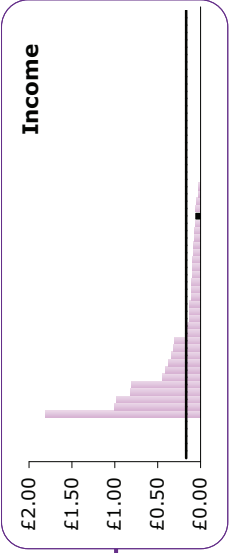
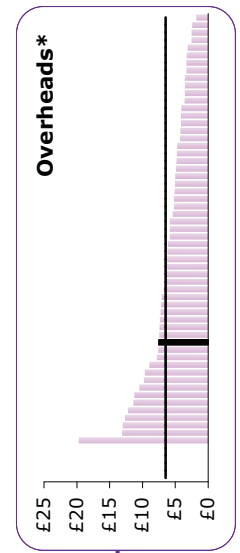
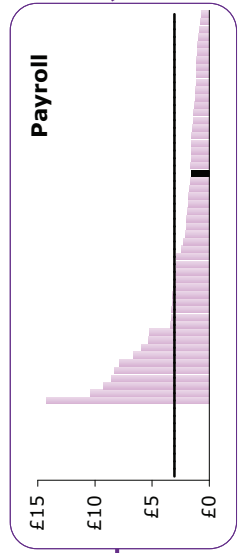
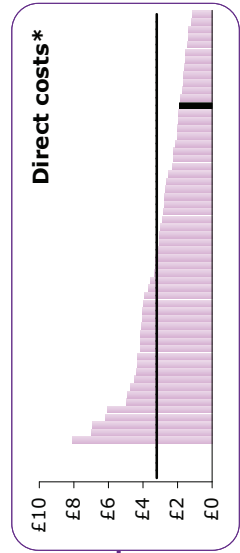
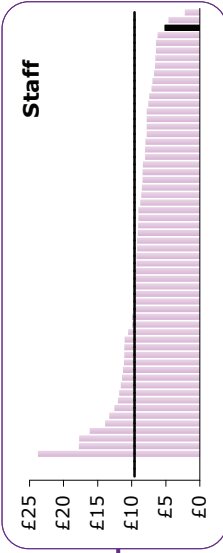
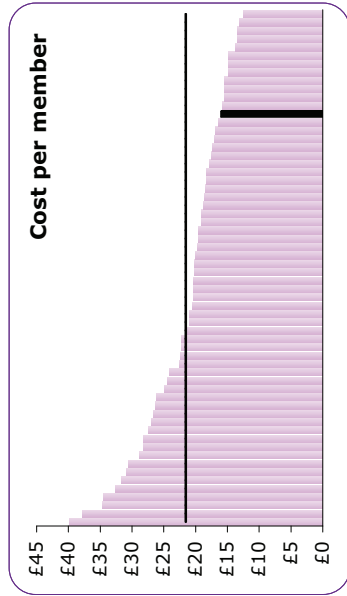
FTE staff	
Pension Section total	30.2
less	
IT staff	3.4
Payroll staff	1.4
Communications staff	4.0
Employing authority work	1.0
Work for other schemes	6.0
Other work	3.0
Admin of LGPS	11.5

Scheme membership	
	No.
Active full-time	8,482
Active part-time	11,864
Active Elected members	8
Active total	20,354
Deferred	18,487
Pensioners	11,941
Dependants	1,829
Frozen refunds	1,884
Leavers unprocessed	264
Total	54,759

Costs £'000	
	£'000
Pension Section total	1,313
less	
Work for other schemes	159
Employing authority work	140
Other work	134
Admin of LGPS	880

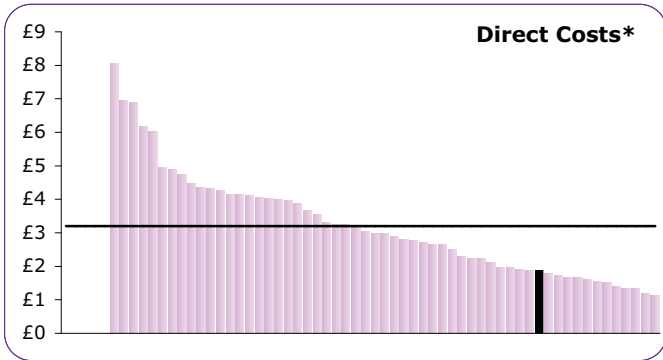
Admin of LGPS costs	
	£'000
Staff - administration	280
Staff - payroll	46
Payroll	42
Communications (Total)	61
Actuaries	26
External audit	37
Outsourcing contract costs	-
Other running costs	16
IT - Pensions admin	166
IT - All other	12
Accommodation	-
Other central charges	198
Income	3
Total	880

COST PER MEMBER 2011-12

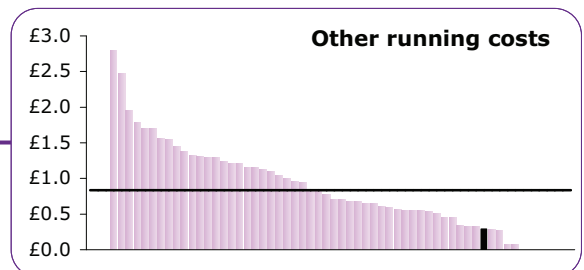
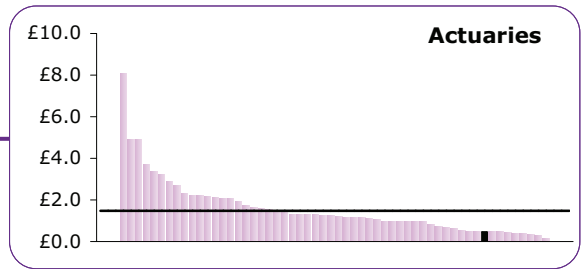
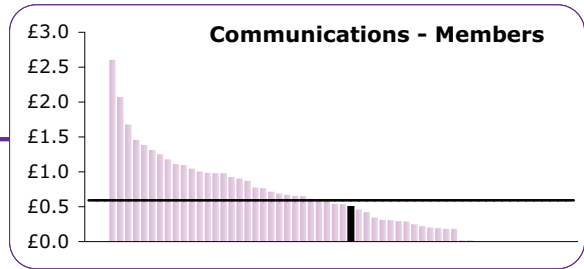
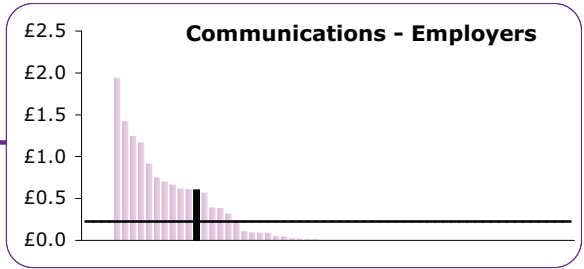


* For breakdown of direct costs and overheads see following pages

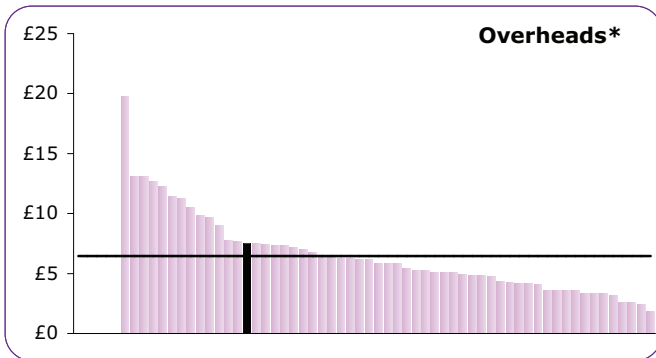
COSTS PER MEMBER - Direct costs 2011-12



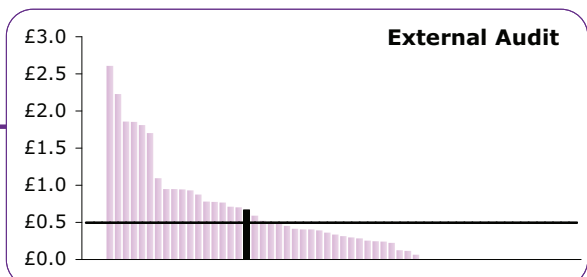
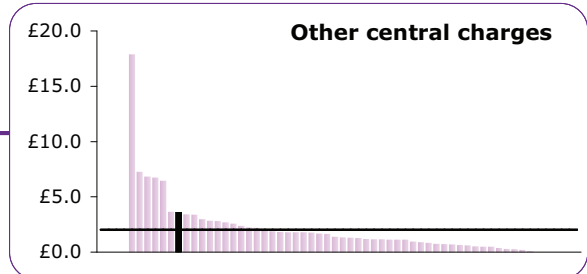
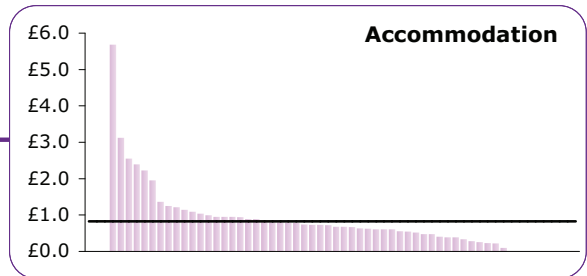
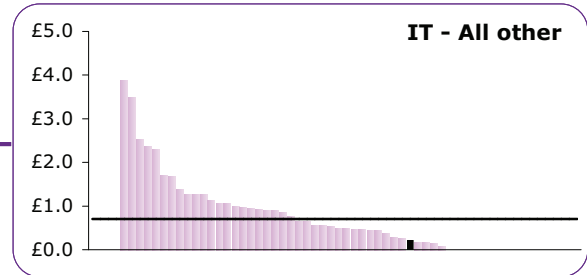
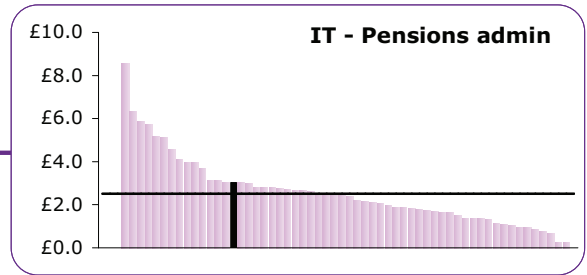
Direct costs			
	£'000	£	Avg
Communications			
- Employers	33	£0.60	£0.23
- Members	28	£0.51	£0.59
- Subtotal	61	£1.11	£0.81
Actuaries	26	£0.47	£1.48
Other running costs	16	£0.29	£0.83
Total	103	£1.88	£3.20



COSTS PER MEMBER - Overheads 2011-12

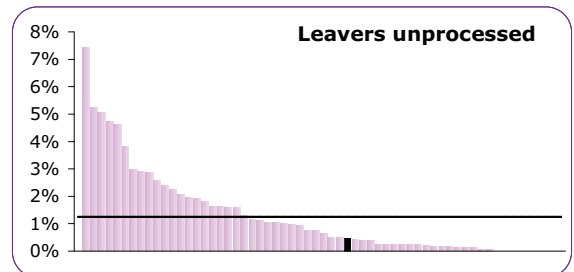
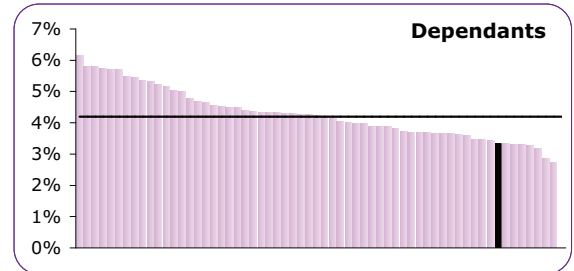
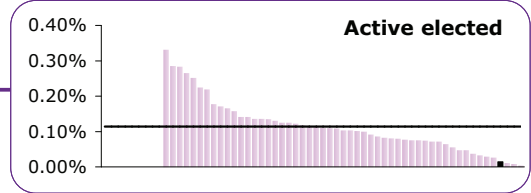
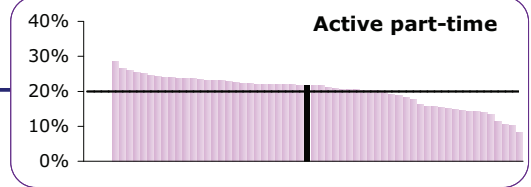
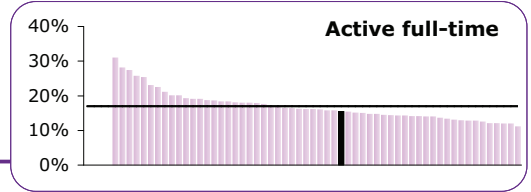
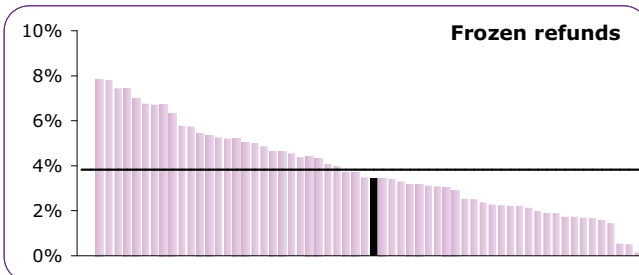
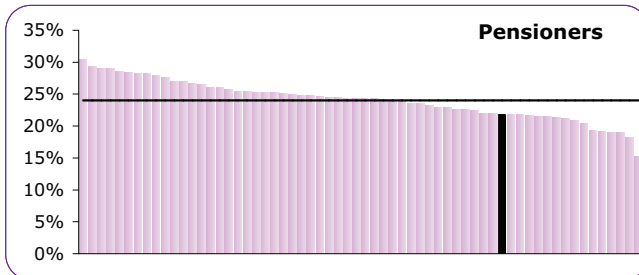
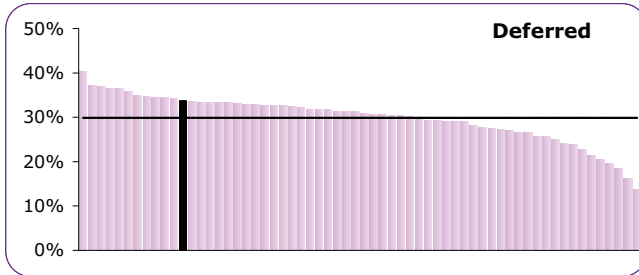
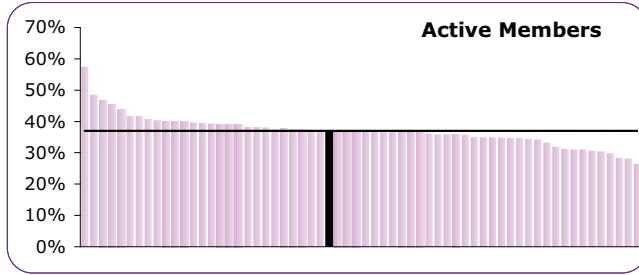


Overheads			
	£'000	£	Avg
IT - Pensions admin	166	£3.03	£2.52
IT - All other	12	£0.22	£0.70
Accommodation	-	£0.00	£0.83
Other central charges	198	£3.61	£2.02
External audit	37	£0.67	£0.50
Total	412	£7.53	£6.47



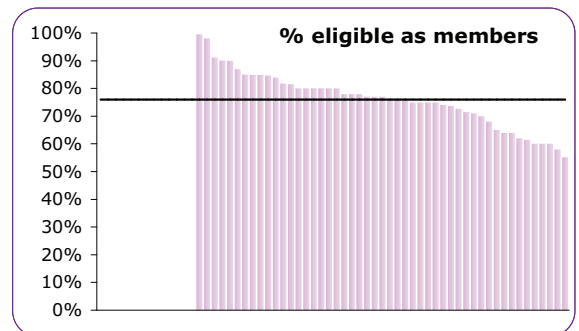
SECTION 3 - WORKLOAD MEASURES

COMPOSITION OF MEMBERS AS AT 31/03/12



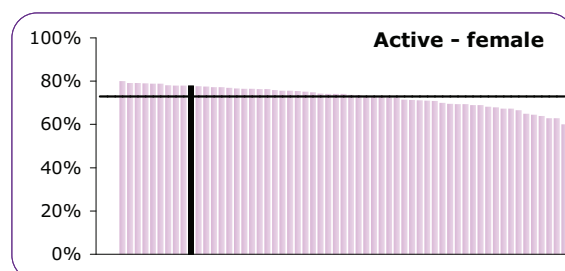
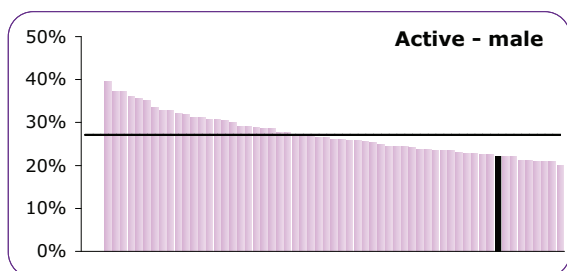
Composition of members			
	No.	%	Avg
Active:			
- full-time	8,482	15%	17%
- part-time	11,864	22%	20%
- no. of elected Members	8	0.0%	0.1%
- sub-total	20,354	37%	37%
Deferred	18,487	34%	30%
Pensioners	11,941	22%	24%
Dependants	1,829	3.3%	4.2%
Frozen refunds	1,884	3.4%	3.8%
Leavers unprocessed	264	0.5%	1.3%
Total	54,759		

LGPS members as % eligible employees



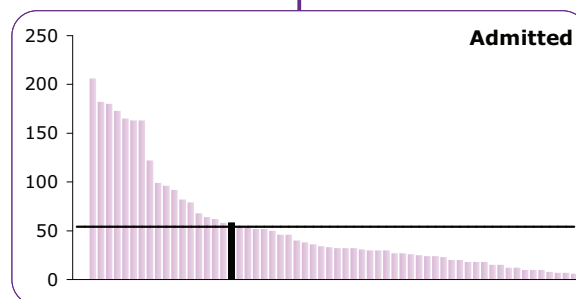
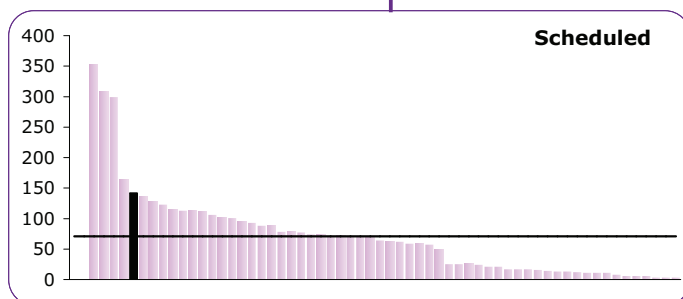
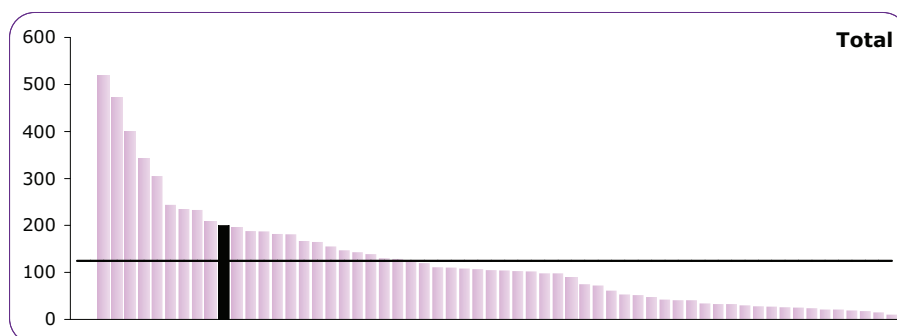
Buckinghamshire na Avg 76%

COMPOSITION OF MEMBERS AS AT 31/03/12



Composition of active members			
	No.	%	Avg
Male	4,522	22%	27%
Female	15,832	78%	73%

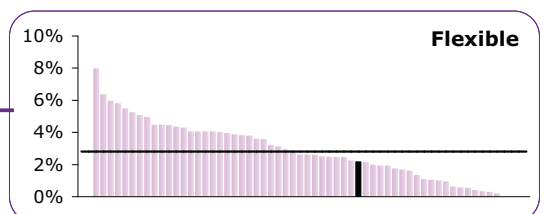
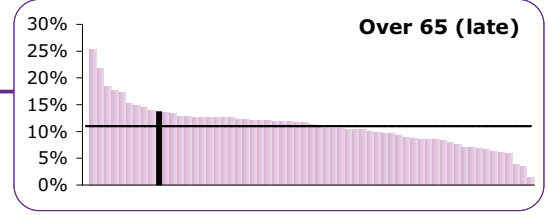
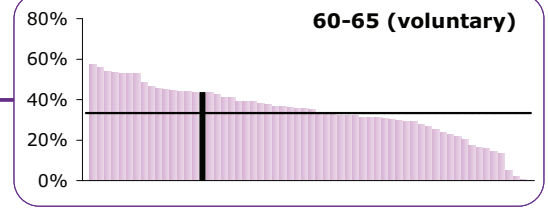
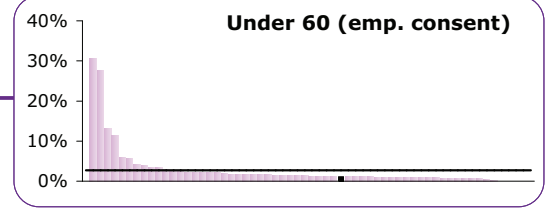
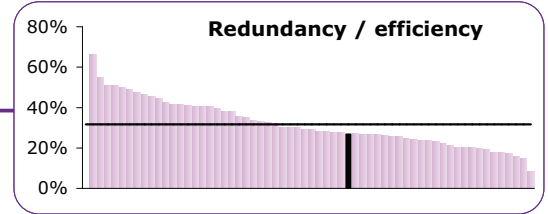
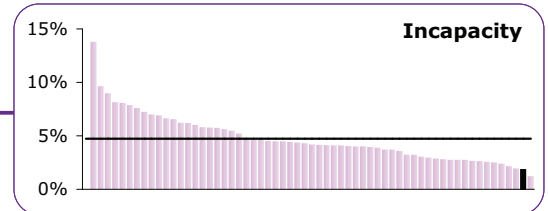
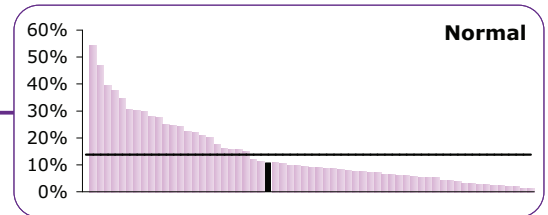
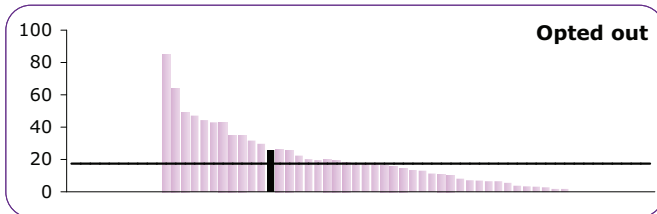
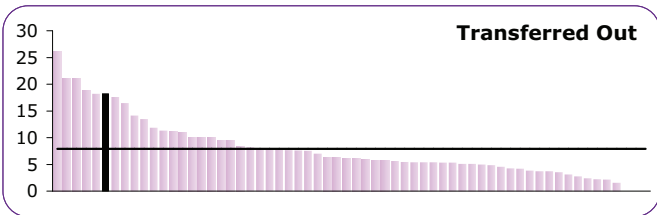
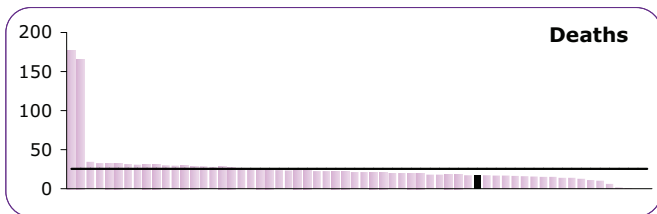
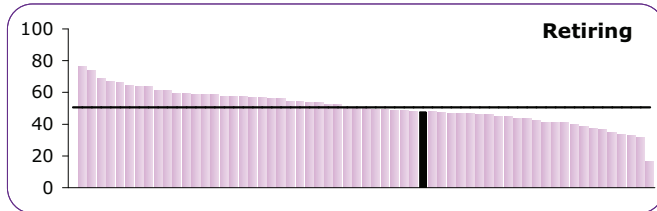
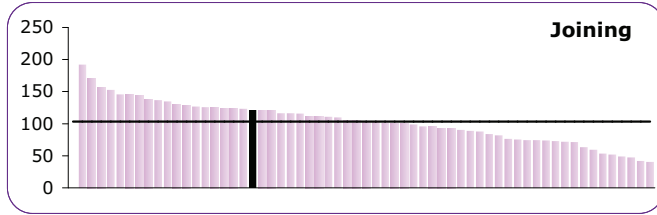
NUMBER OF LGPS EMPLOYERS AS AT 31/03/12



LGPS employers (31/3/12)						
	No.	Avg	of which:	No.	%	Avg
Scheduled	142	71	Local Authorities	65	46%	17%
Admitted	58	54	Transferee	25	43%	39%
Total	200	125				

Employer changes 2011/12						
	Applied		Admitted		Leaving	
	No.	Avg	No.	Avg	No.	Avg
Scheduled	33	15	33	16	-	3
Admitted	2	3	2	3	-	2

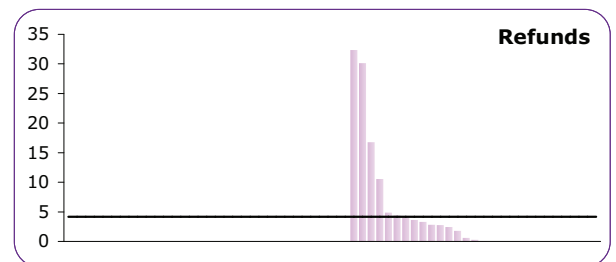
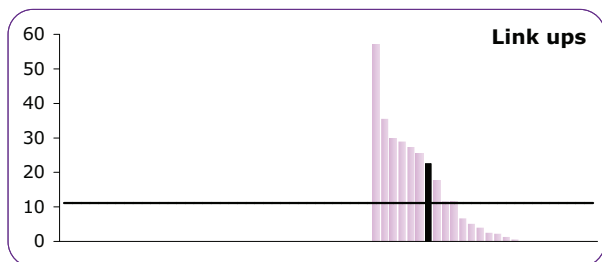
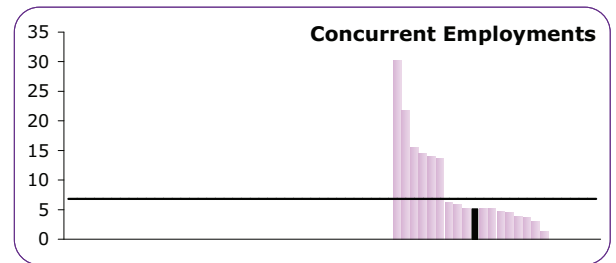
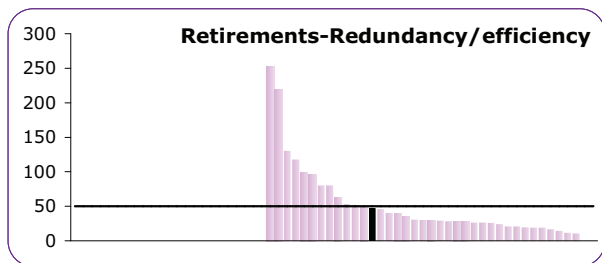
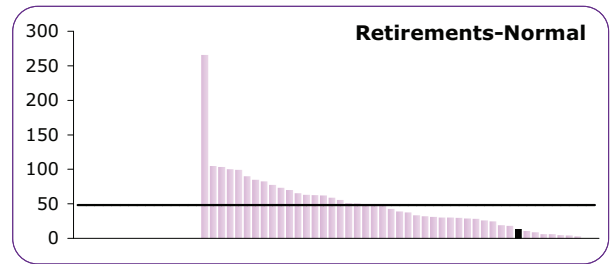
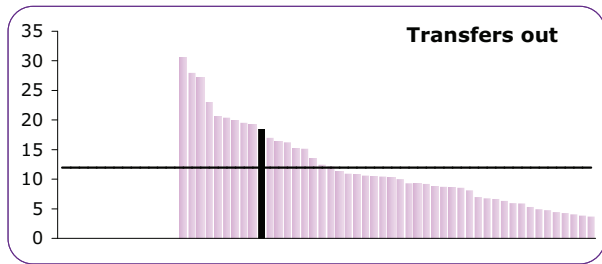
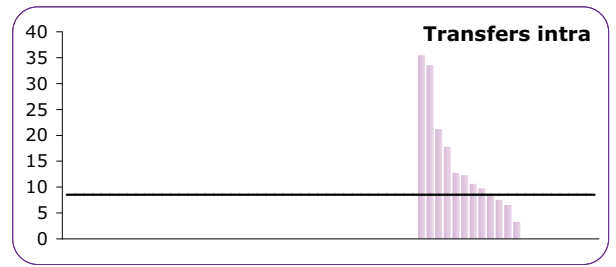
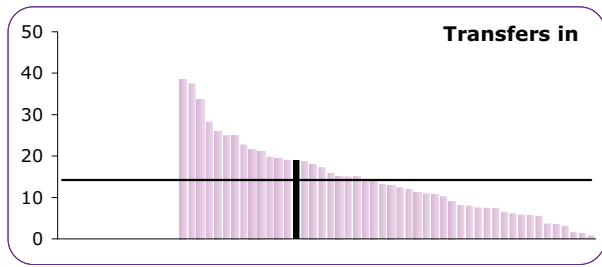
JOINERS & LEAVERS (per '000 active members)



Joiners & leavers (per '000 active members)			
	No.	'000	Avg
Joining	2,468	121	103
Retiring	971	48	51
Deaths	349	17	25
Transferred out	370	18	8
Opted out	524	26	18

Retirements			
	No.	%	Avg
Normal	104	11%	14%
Incapacity/ill-health	18	2%	5%
Redundancy/efficiency	262	27%	32%
Under 60 (emp. consent)	11	1.1%	2.7%
60-65 (voluntary)	422	43%	33%
Over 65 (late)	133	14%	11%
Flexible	21	2.2%	2.8%

NUMBER OF QUOTATIONS PROVIDED (per '000 active members)

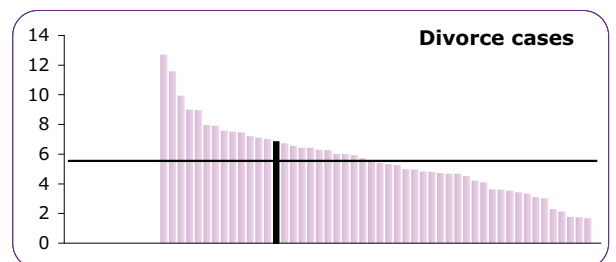


Active members

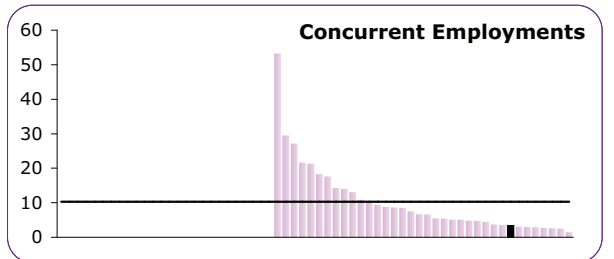
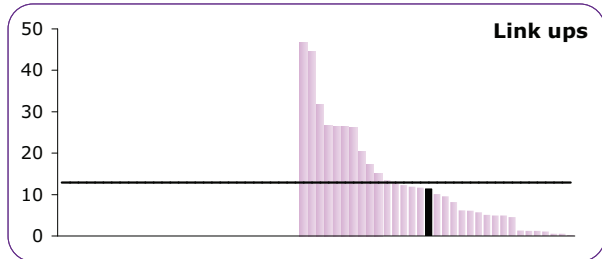
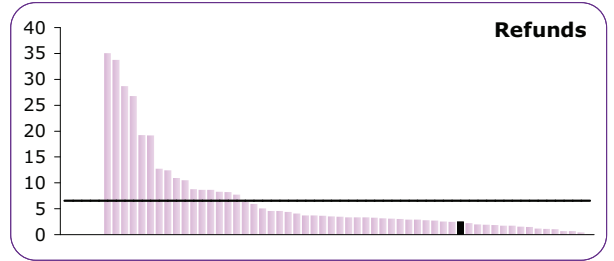
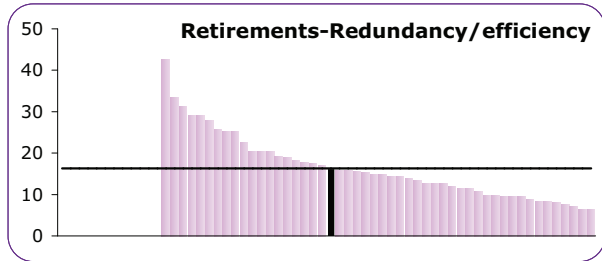
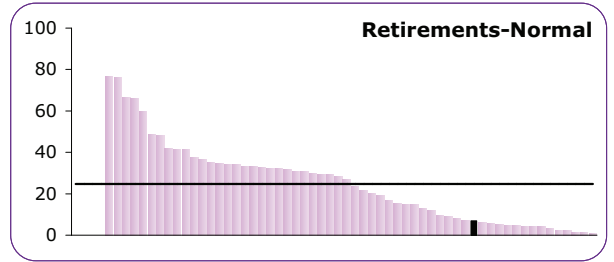
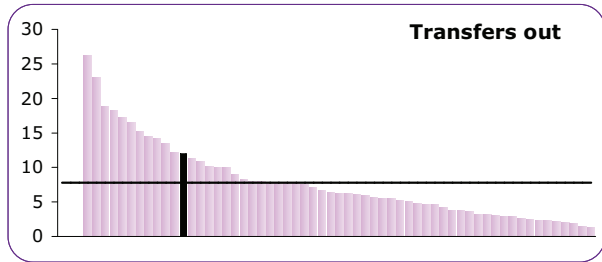
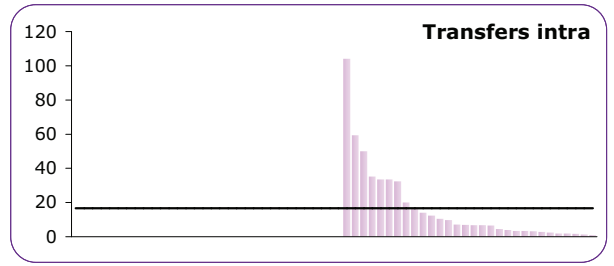
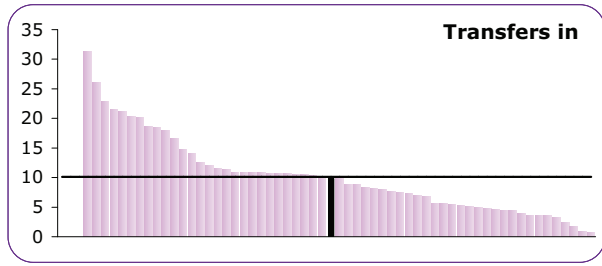
20,354

Quotations provided

	No.	'000	Avg
Retirements - Normal	276	14	48
Retirements - Redundancy/efficiency	956	47	48
Transfers in	387	19	14
Transfers out	375	18	12
Transfers intra	na	na	9
Link ups	459	23	11
Concurrent Employments	105	5	7
Refunds	-	-	4
Divorce cases	139	7	6



NUMBER OF ACTUAL EVENTS (per '000 active members)

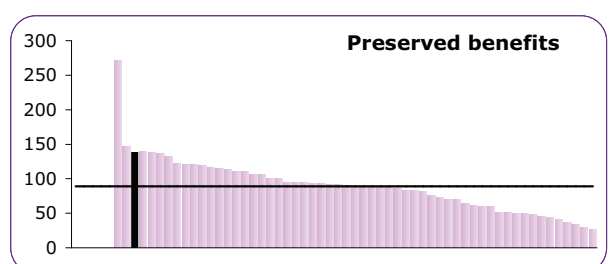
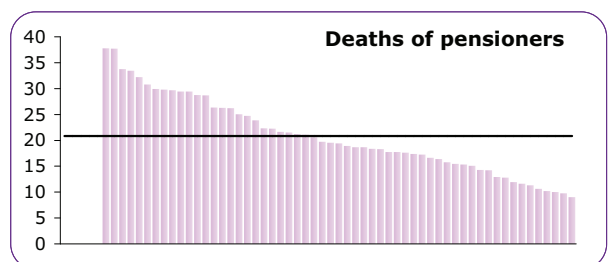


Active members

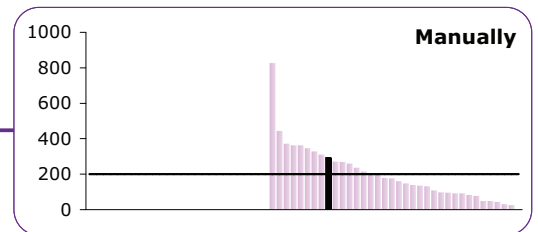
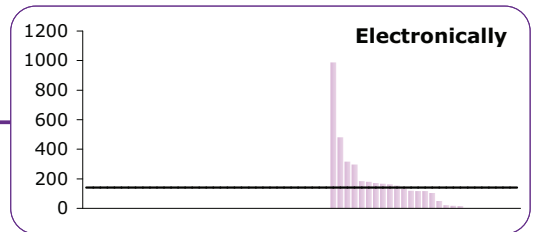
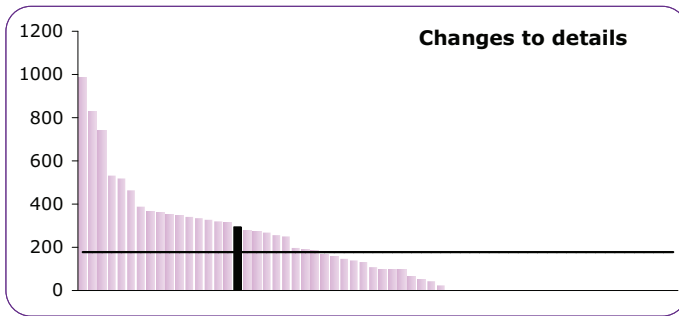
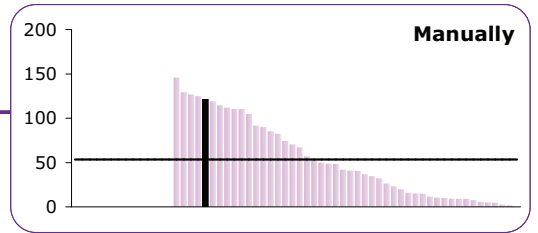
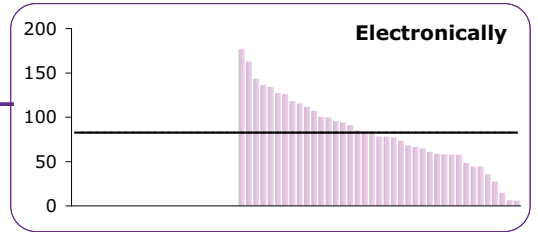
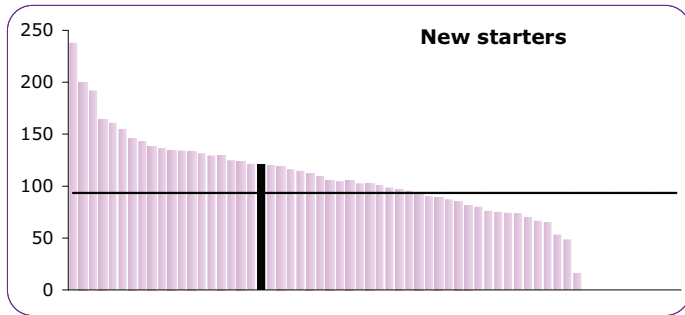
20,354

Actual events

	No.	'000	Avg
Retirements - Normal	141	7	25
Retirements - Redundancy/efficiency	325	16	16
Transfers in	200	10	10
Transfers out	245	12	8
Transfers intra	na	na	17
Link ups	231	11	13
Concurrent Employments	71	3	10
Refunds	50	2	7
Frozen refunds	69	3	3
Preserved benefits	2,816	138	89
Divorce cases	13	1	1
Deaths in service	na	na	1
Death of pensioners	na	na	21



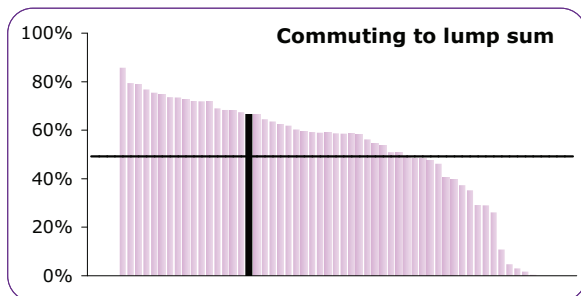
ACTUAL CALCULATIONS (per '000 active members)



Active members
20,354

RETIREMENTS

Retirements commuting to lump sum

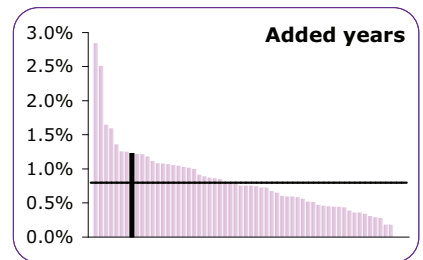
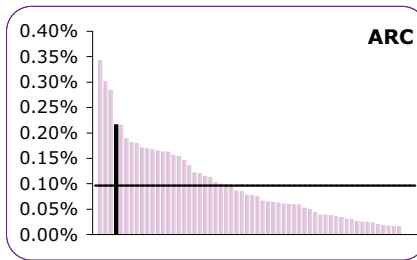
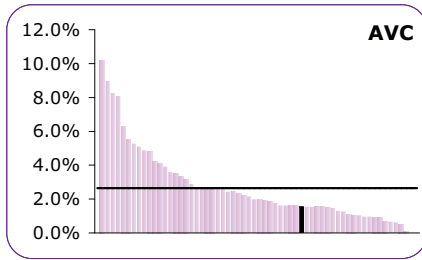


Retirements commuting to lump sum			
	Number	% total	Avg
	647	67%	49%

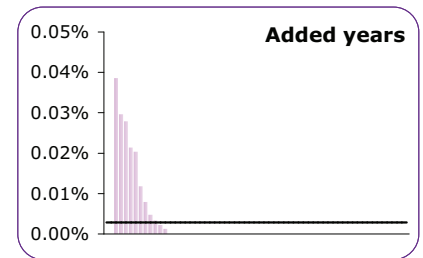
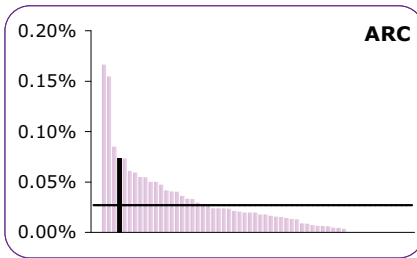
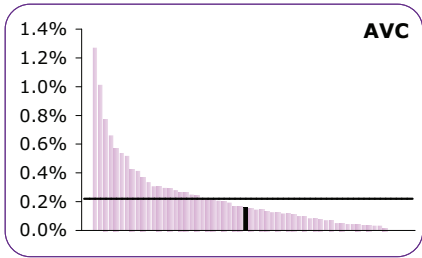
Actual calculations			
	No.	'000	Avg
New starters	2,468	121	93
- electronically	-	na	83
- manually	2,468	121	53
Changes to detail:	6,002	295	178
- electronically	-	-	141
- manually	6,002	295	200

AVCs, ARCs and Added years

% Currently contributing



% New contributors this year



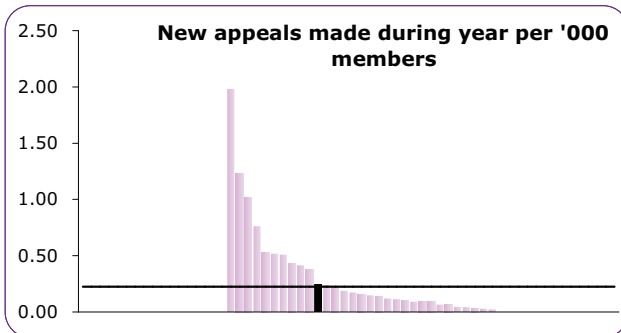
Contributors to AVCs and ARCS

	No.	%	Avg
Currently contributing			
- AVC	316	1.6%	2.7%
- ARC	44	0.2%	0.1%
- Added years	250	1.2%	0.8%
Total	610	3.0%	3.5%
New contributors this year			
- AVC	33	0.16%	0.22%
- ARC	15	0.07%	0.03%
- Added years	-	0.00%	0.00%
Total	48	0.24%	0.24%

Active members

20,354

APPEALS



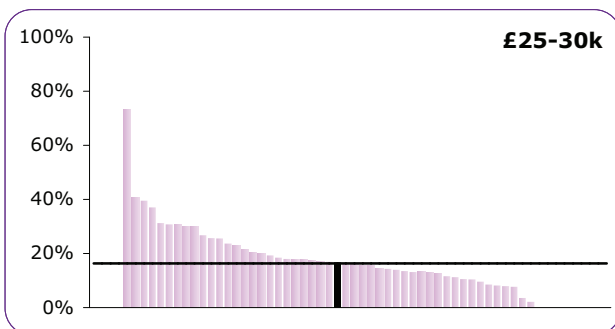
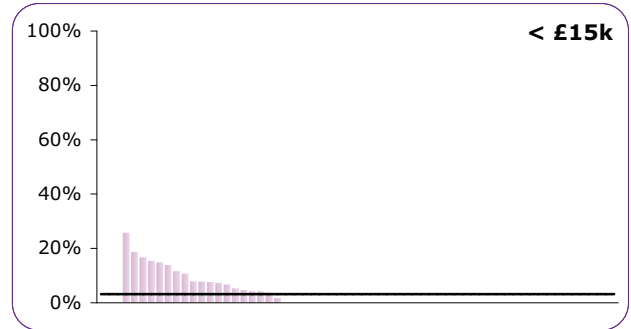
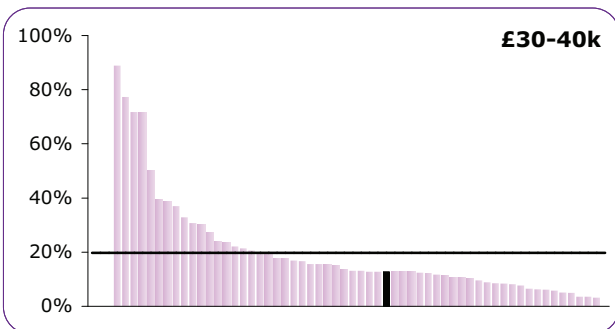
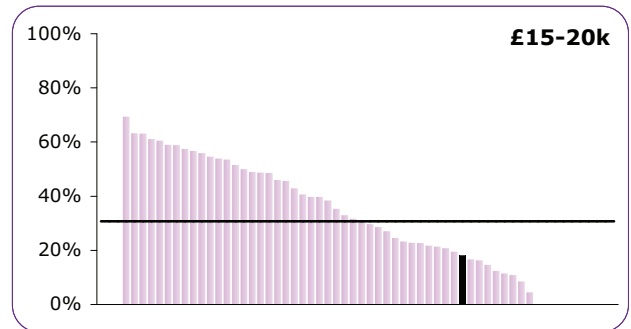
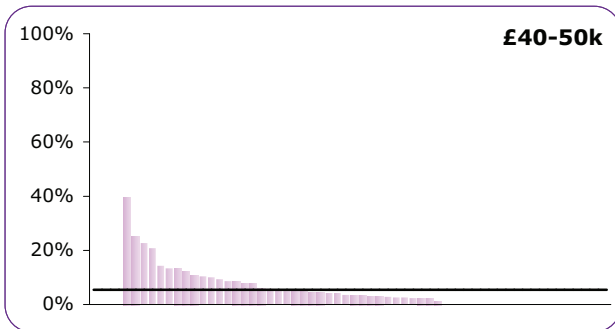
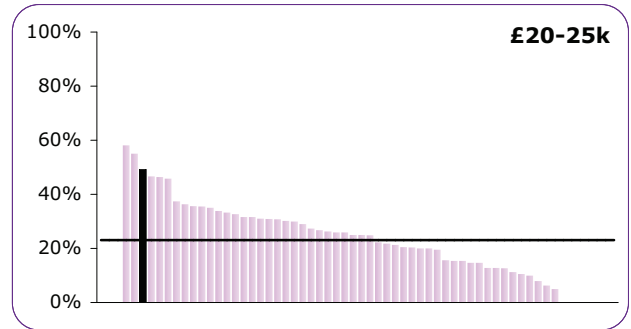
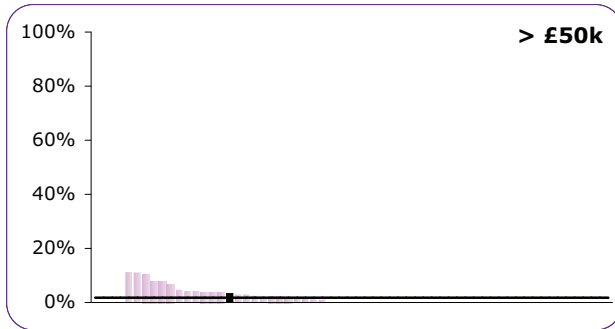
***Club total:** This shows the total for all the Benchmarking Club members 2012.

Number of appeals

	No.	Per '000 members	Avg Club* total	
In progress at start of year	1	0.05	0.07	55
New appeals during year	5	0.25	0.23	295
In progress at end of year	2	0.10	0.08	70
1st stage				
Total	2	0.10	0.22	114
Won	1	50%	82%	84
Lost	1	50%	18%	30
2nd stage				
Total	2	0.10	0.14	81
Won	2	100%	80%	64
Lost	0	0%	20%	17

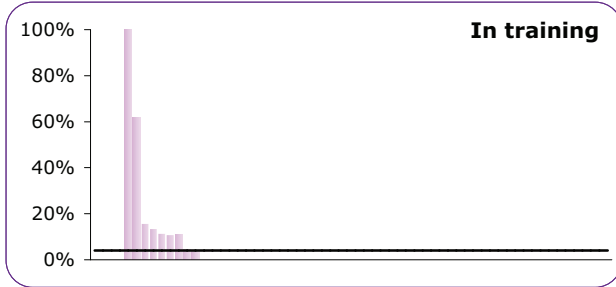
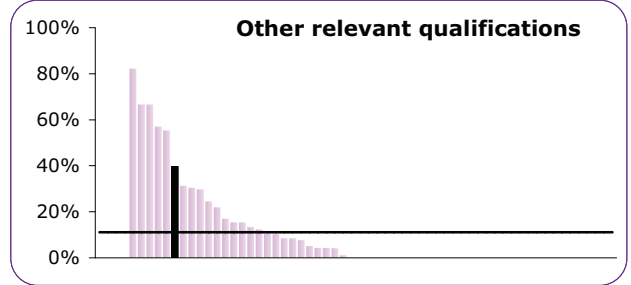
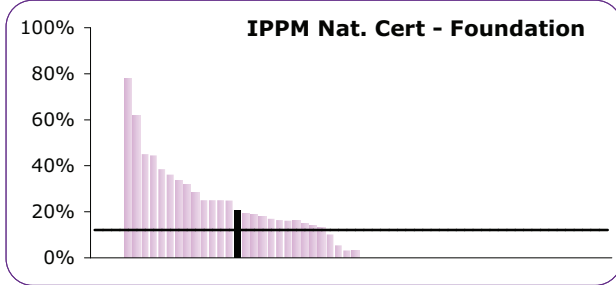
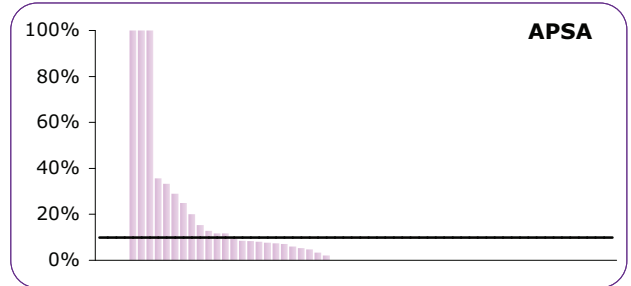
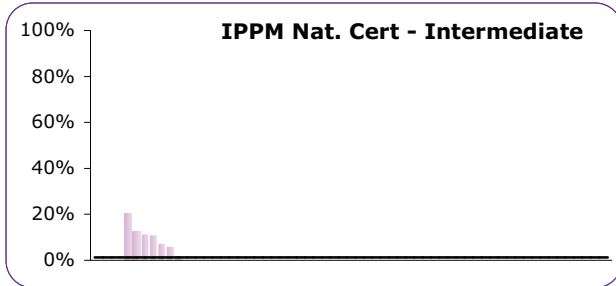
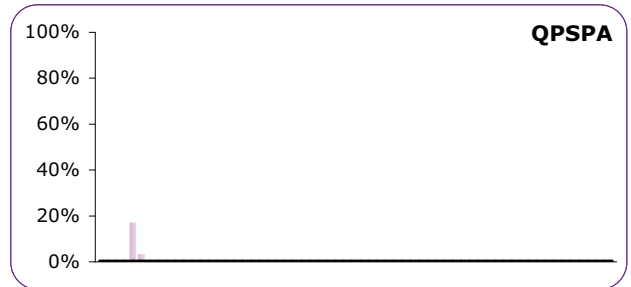
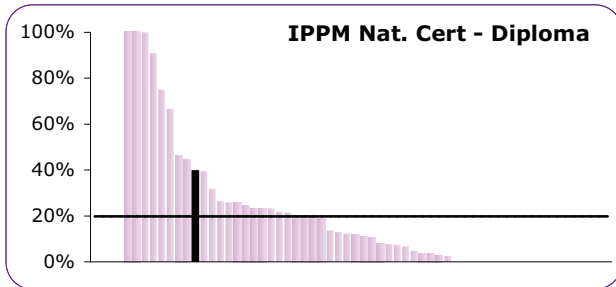
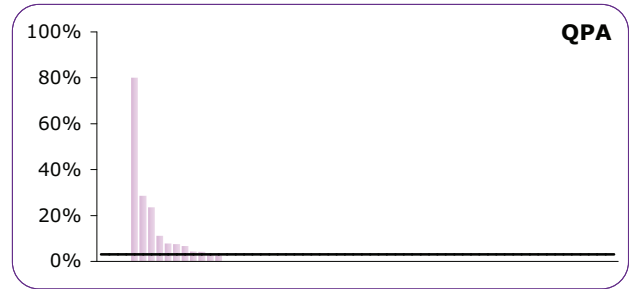
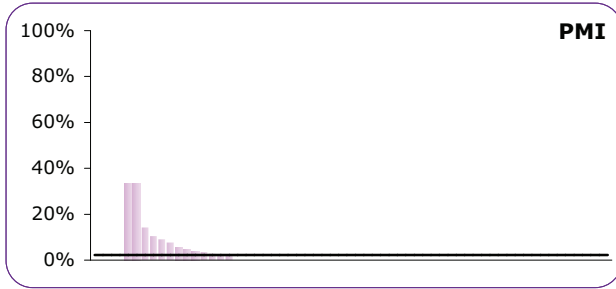
SECTION 4 - STAFF RELATED MEASURES

STAFF PAY

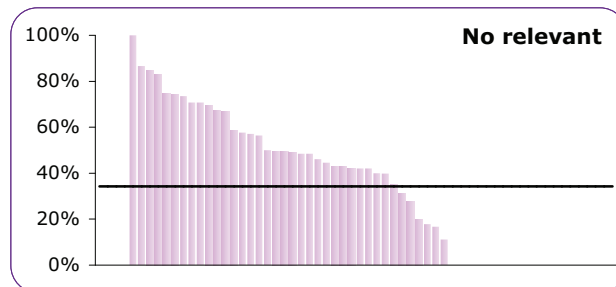


Staff pay			
	FTE	%	Avg
> £50k	1.0	3%	2%
£40-50k	0.0	0%	5%
£30-40k	3.9	13%	20%
£25-30k	5.0	17%	16%
£20-25k	14.9	49%	23%
£15-20k	5.5	18%	31%
< £15k	0.0	0%	3%
Total	30.2		

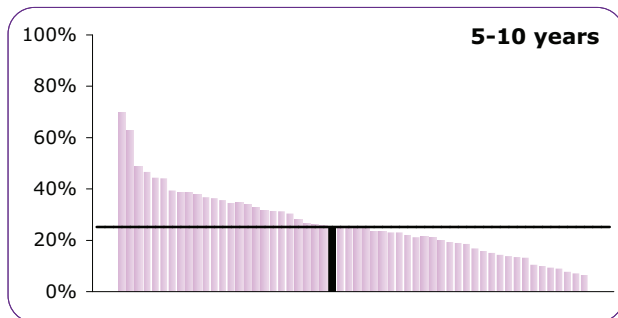
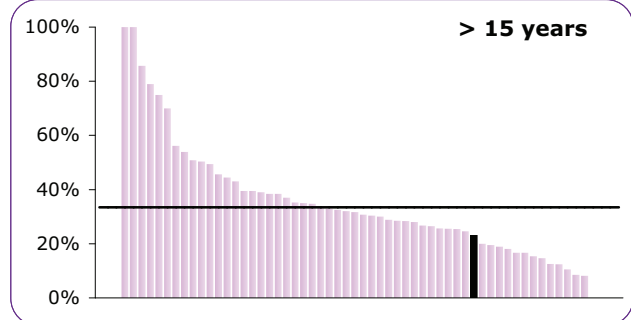
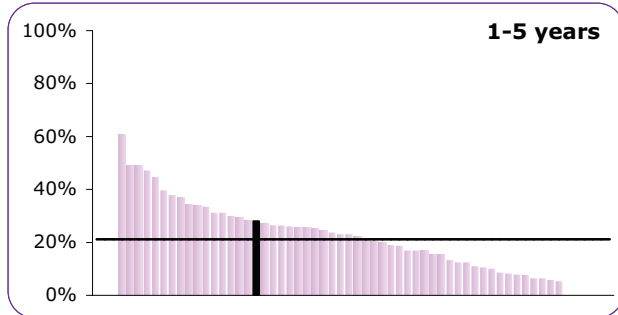
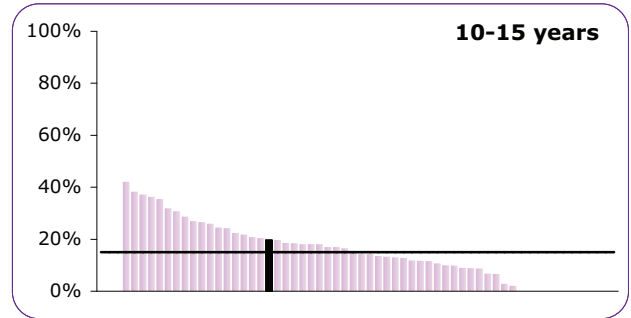
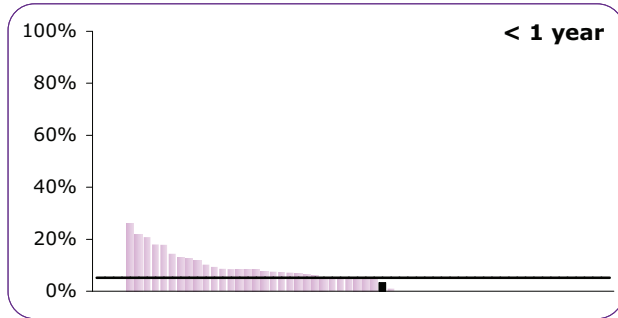
STAFF QUALIFICATIONS



Staff qualifications			
	FTE	%	Avg
PMI	0.0	0%	2%
IPPM Nat. Cert - Diploma	3.9	40%	20%
IPPM Nat. Cert - Intermediate	0.0	0%	1%
IPPM Nat. Cert - Foundation	2.0	21%	12%
CIPP Foundation Degree	0.0	0%	2%
QPA	0.0	0%	3%
QPSPA	0.0	0%	0%
APSA	0.0	0%	10%
Other relevant	3.9	40%	11%
Training	0.0	0%	4%
No relevant	0.0	0%	34%
Total	9.7		

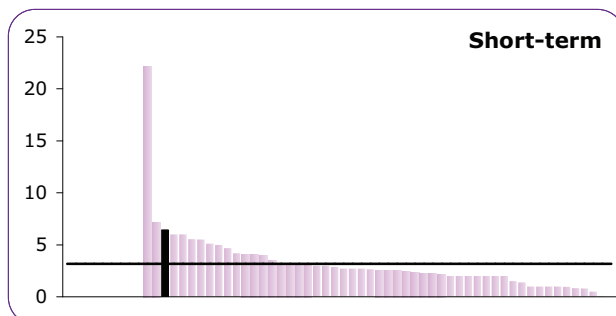
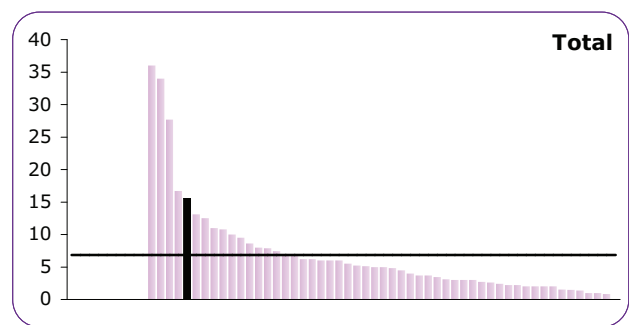
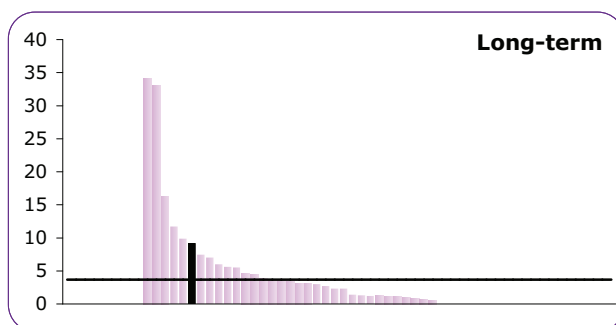


STAFF PENSIONS EXPERIENCE



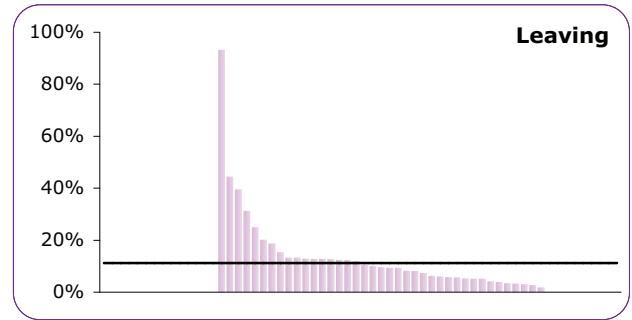
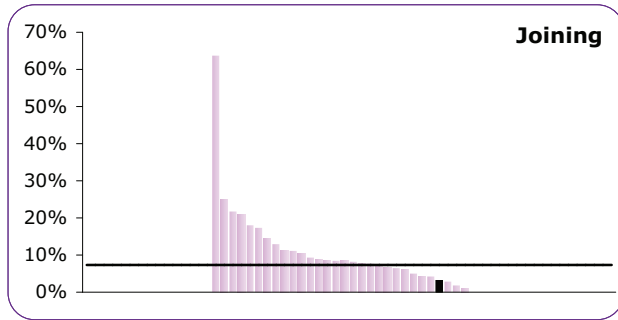
Staff experience			
	FTE	%	Avg
< 1 year	1.0	3%	5%
1-5 years	8.5	28%	21%
5-10 years	7.7	26%	25%
10-15 years	6.0	20%	15%
> 15 years	7.0	23%	34%
Total	30.2		

SICKNESS ABSENCE - Lost days per FTE employee



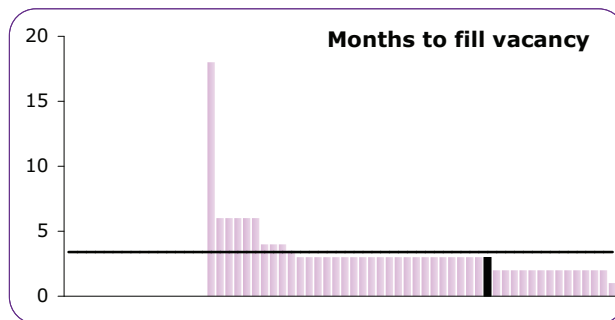
Sickness absence		
	Days/FTE	Avg
Long-term sickness	9.2	3.7
Short-term sickness	6.5	3.2
Total	15.6	6.8

STAFF TURNOVER



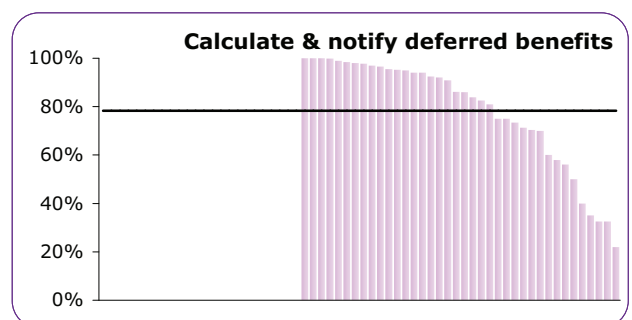
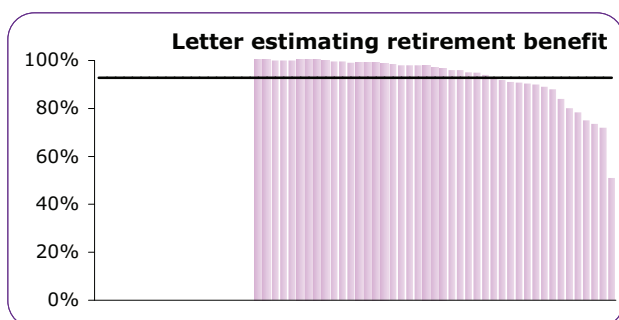
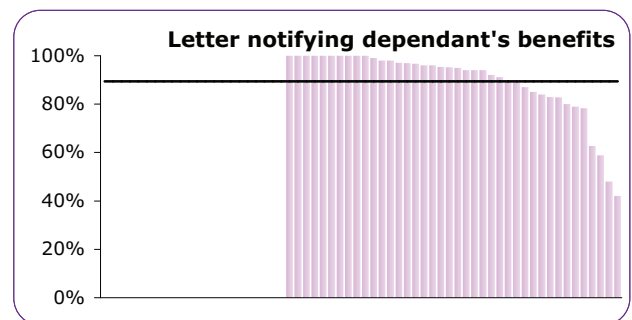
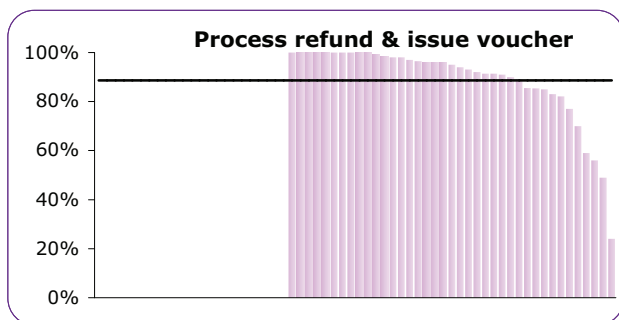
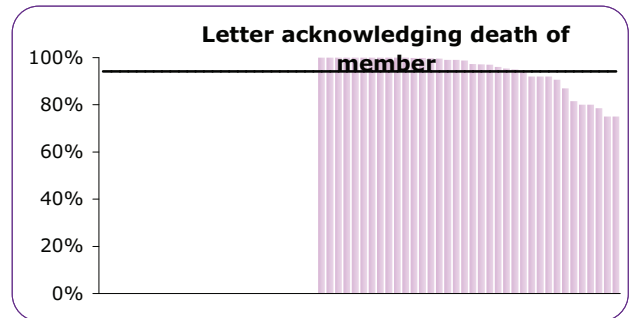
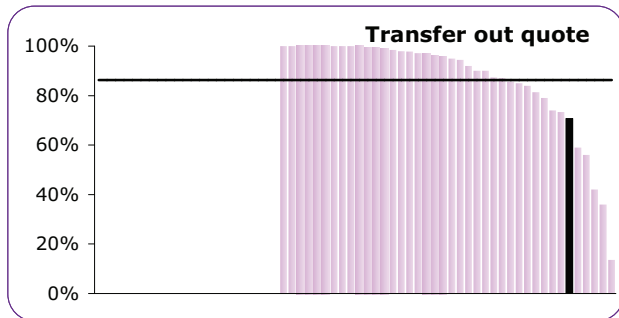
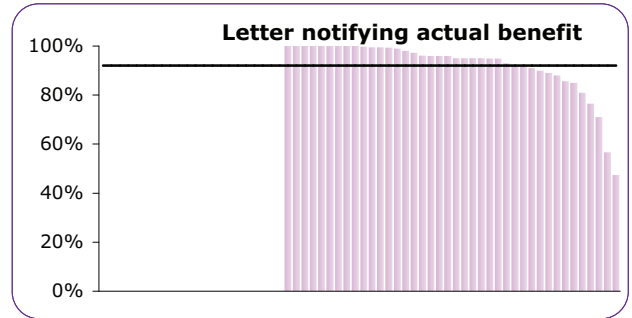
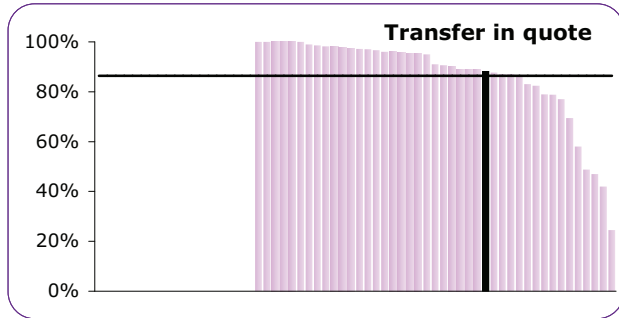
Staff turnover			
	FTE	%	Avg
Total Section FTE	30.2		
Joining Section	1.0	3.3%	7.3%
Leaving Section	na	na	11.2%

VACANCIES



Average time to fill vacancy		
	Months	Avg
	3.0	3.4

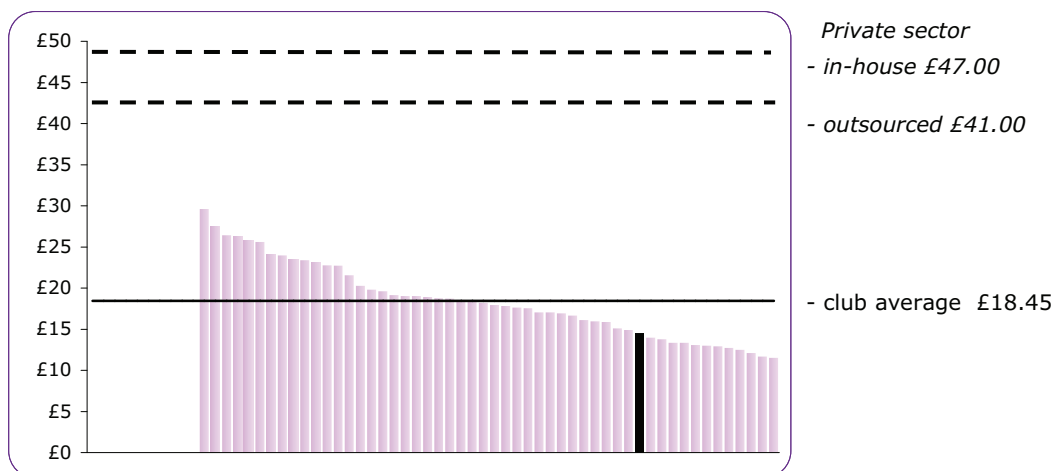
SECTION 5 - INDUSTRY STANDARD PI'S



Industry Standard PI's			
	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	88.4%	86.4%
Letter detailing transfer out quote	10 days	70.8%	86.3%
Process refund and issue payment voucher	5 days	na	88.7%
Letter notifying estimate of retirement benefit	10 days	na	92.8%
Letter notifying actual retirement benefit	5 days	na	92.1%
Letter acknowledging death of member	5 days	na	94.2%
Letter notifying amount of dependant's benefits	5 days	na	89.5%
Calculate and notify deferred benefits	10 days	na	78.3%

SECTION 6 - COMPARISON WITH PRIVATE SECTOR

LGPS ADMIN COST PER MEMBER (EXCLUDING PAYROLL COST)



Costs	
	£'000
Admin cost	880
Payroll cost	88
Adjusted cost	792

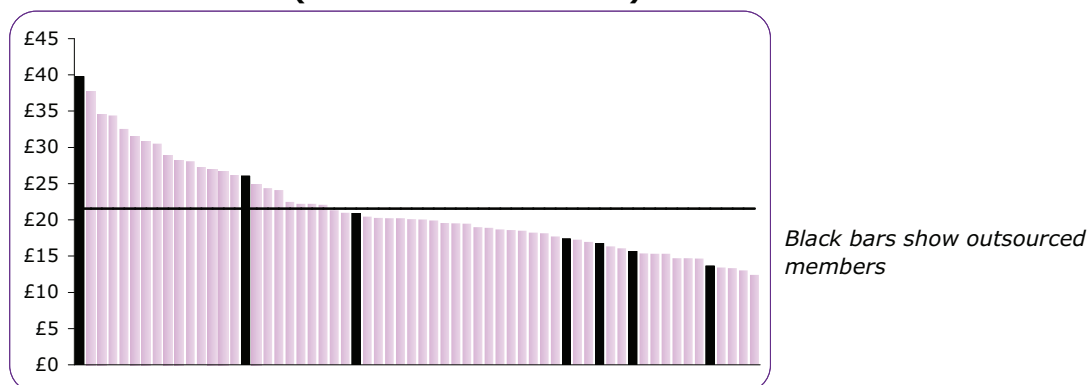
Cost/member £14.47

Members				
	No.	%	Avg private	
Active	20,354	37%	37%	34%
Deferred	18,487	34%	30%	34%
Retired	11,941	22%	24%	32%
Total	54,759			

COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

Total members with data:	62
Outsourced members:	7

LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



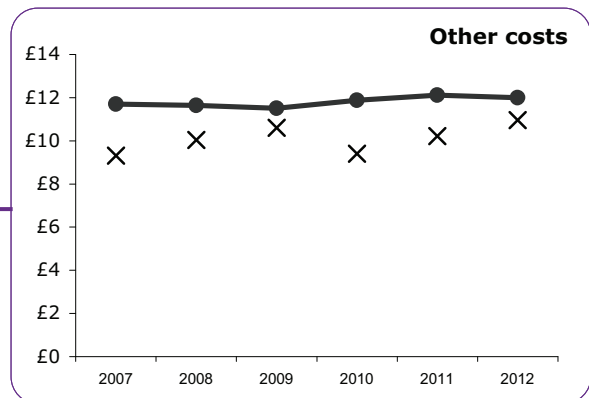
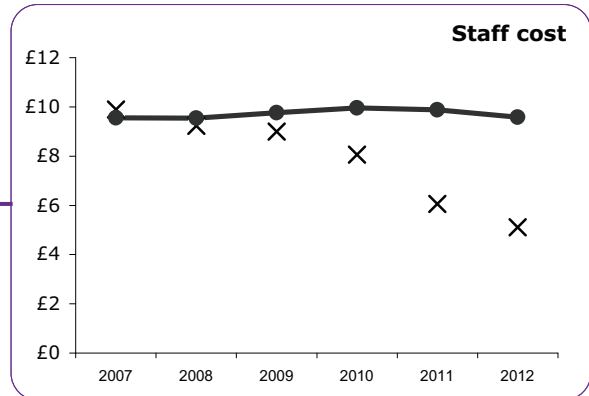
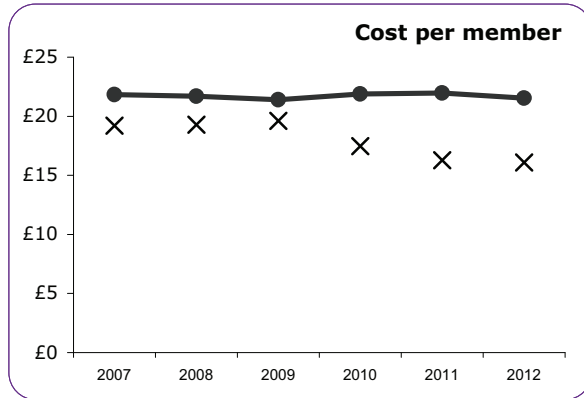
Admin cost per member:	
Buckinghamshire	£16.08
Club average	£21.54
Outsourced average	£21.47
In-house average	£21.54



Source: Capita Hartshead Annual Pension Scheme Admin Survey 2010
Data for funds over 10,000 members

SECTION 7 - TIMESERIES

The 2012 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2012 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
 Buckinghamshire

Time series analysis						
	2007	2008	2009	2010	2011	2012
Members	42,846	46,062	48,473	50,340	53,163	54,759
Net cost (£'000)	823k	888k	950k	879k	866k	880k
Cost per member	£19.21	£19.27	£19.60	£17.47	£16.28	£16.08
Average	£21.84	£21.69	£21.39	£21.88	£21.95	£21.54
Staff cost	£9.90	£9.23	£8.99	£8.07	£6.06	£5.11
Average	£9.55	£9.55	£9.77	£9.96	£9.88	£9.58
Other costs	£9.31	£10.05	£10.61	£9.40	£10.22	£10.96
Average	£11.70	£11.65	£11.51	£11.87	£12.11	£11.99

Pension Fund Consultative Group

Title: Pensions Administration Performance

Date: 6 December 2012

Author: Principal Pensions Officer (Governance & Employer Liaison)

Contact officer: Claire Lewis-Smith

Electoral divisions affected: N/A

Summary

The Pensions Administration 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 12 months to August 2012 are presented below. The Pension Fund Consultative Group are required to monitor the performance of the Pensions Administration Team.

Recommendation

Members are asked to:

NOTE the performance statistics of the team.

A. Supporting information:

Workload statistics for the year to August 2012 are presented below:

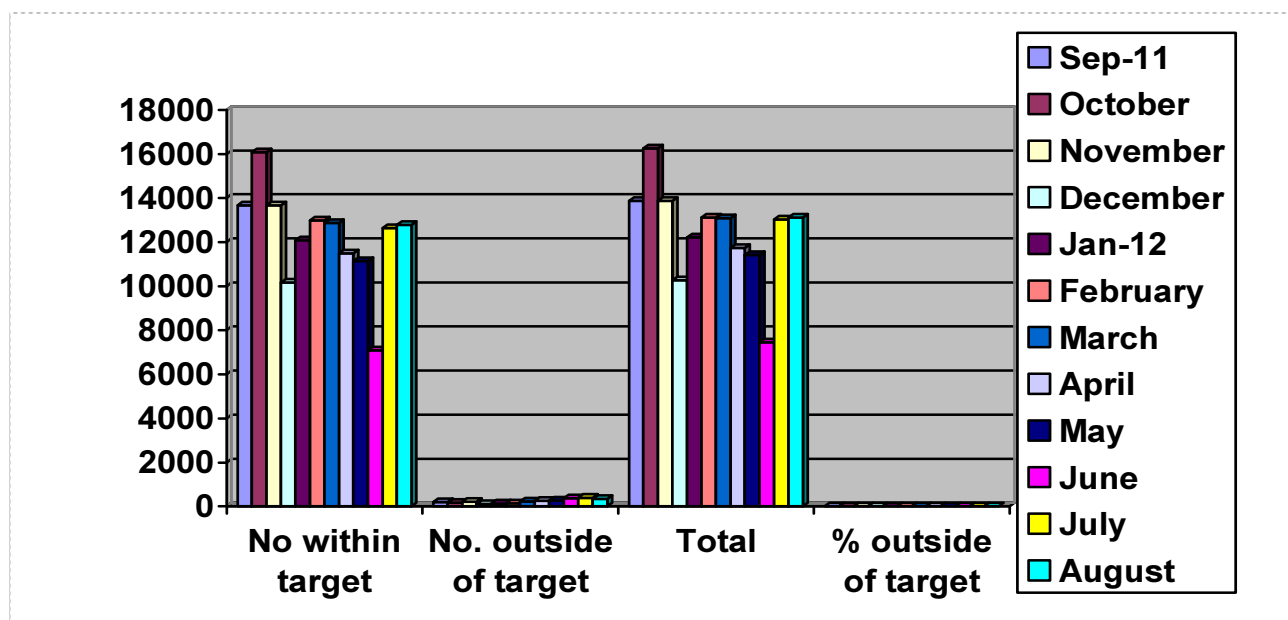
Month	No within target	No. outside of target	Total	% outside of target
September 2011	13661	200	13861	1.44
October	16086	171	16257	1.05
November	13664	204	13868	1.47
December	10163	107	10270	1.04



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January 2012	12081	130	12211	1.06
February	12978	138	13116	1.05
March	12866	220	13086	1.68
April	11479	257	11736	2.19
May	11139	274	11413	2.40
June	7080	366	7446	4.91
July	12636	391	13027	3.00
August	12773	341	13114	3.00



General volumes of work coming in to the pensions team have been consistent apart from October 2011 when tasks reached 16,257. Since the last report to PFCG, the number of tasks being completed over target remained under 1.5% until March 2012. Since March 2012 tasks completed outside of the target have increased, peaking at 4.91% in June. This was due to 10 days system downtime while a new software system was introduced. The backlog of tasks incurred while the system was down continued to have an impact on the level of tasks cleared in July and August.

To give an indication of volumes of work over the period 1 August to 31 August 2012, the pensions team received 270 general pensions queries and cleared 255 queries during the period. Also received were 31 notifications of new deaths, all of which received a letter to the next of kin on the date of notification.

Resource implications

The Pensions Administration Team is funded by the Pension Fund.

Legal implications

It is a statutory obligation for the county council to provide a pensions service on behalf of scheme employers.

Other implications/issues

N/A

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Pension Fund Consultative Group

Title:	Year-end Review
Date:	6 December 2012
Author:	Principal Pensions Officer (Governance & Employer Liaison)
Contact officer:	Claire Lewis-Smith
Electoral divisions affected:	N/A

Summary

The Employer Liaison and Systems Teams process data annually in accordance with the Service Level Agreement to ensure member data is accurate for the production of Annual Benefit Statements and the triennial valuation. This report highlights the current position for this financial year.

Recommendation

Members are asked to NOTE the content of this report

Background

At the end of the financial year all LGPS employers within the Buckinghamshire County Council Pension Fund (BCCPF) are required to submit annual data. There are two requirements; one being a Summary of Contributions Payable to the BCCPF showing the total employees and employers contributions paid for the financial year and the other, a full year end return providing details of pay and contributions for each individual member. This data is required by 30 April each year.

On receipt of this information the Principal Pensions Officer (Systems) reconciles the data to ensure that the correct employer contribution rate has been paid and that the Summary of Contributions corresponds to the amount of contributions paid over throughout the year.

If reconciled, the Systems Team upload the annual contributions to each individual member record and a report is run to convert the contributions into an annual pay figure. If this figure differs by more/less than 10% compared to the previous financial year, if there is a member who does not have contributions on the return or if there are contributions and no member record, an error report is produced.



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The Employer Liaison Team investigate the errors and if the error cannot be resolved, queries are sent to the employers for further information. When cleared, Annual Benefit Statements for each Scheme member for that employer are issued.

Details of the number of Summaries that have been received and processed as at 14 November 2012 are as follows:

	Number of Employers
Summary of Contributions not received	33
Summary of Contributions received but not reconciled	24
Queries waiting to be resolved	25
Completed and Annual Benefits Statements issued	85

Supporting information to include the following if a decision is being requested:

Resource implications

Employers that do not submit the required data have to be chased by the Principal Pensions Officer (Systems) until the data is received. The Employer Liaison Team's workload is dependant upon the quality of member data and the level of errors uncovered. The quality of data is paramount during the valuation year (2013) when the data from member records is provided to the actuary to assess each individual employer contribution rate.

Legal implications

N/A

Other implications/issues

N/A

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Agenda Item 10

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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