



Department for
Communities and
Local Government

Local Government Pension Scheme Funds: 2015-16 Wales

- Total Local Government Pension Scheme expenditure in Wales in 2015-16 was £758 million. On a like-for-like basis the increase was £69 million or 8.2%
- Total Local Government Pension Scheme income in Wales in 2015-16 was £863 million, an increase of £40 million, or 4.9%, on 2014-15.
- Employers' contributions to the Local Government Pension Scheme in 2015-16 amounted to £472 million and employees' contributions to the scheme were £135 million.
- The market value of the funds at the end of March 2016 was just over £13 billion.
- The Local Government Pension Scheme in Wales encompasses 333,000 people. Of this number, 135,000 are employees who are still contributing to the scheme, 92,000 are pensioners and 105,000 are former employees who are entitled to a pension at some time in the future.

Local Government Finance
Statistical Release

26 October 2016

Introduction	2
Expenditure 2011-12 to 2015-16	3
Income 2011-12 to 2015-16	4
Income and Expenditure	7
Membership and employers	8
Retirements from the Local Government Pension Scheme	10
Definitions	12
Technical notes	14
Enquiries	17

Responsible Statistician:
Jo Coleman

Statistical enquiries:
0303 444 1240
sf3.statistics@communities.gsi.gov.uk

Media Enquiries:
0303 444 1201
press@communities.gsi.gov.uk

Date of next publication:
October 2017

Introduction

This release has been compiled by the Department for Communities and Local Government and provides information on Local Government Pension Scheme funds in Wales. The data were gathered on the SF3(Pensions) 2015-16 forms that were submitted by all 8 Administering Authorities in Wales. The form collects information on Local Government Pension Scheme funds' income, expenditure, membership, retirements and other activities. It also shows other associated information for the financial year 2015-16 and changes over previous years.

NB In this release,

- the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 are referred to as the 2007 regulations;
- the Local Government Pension Scheme (Administration) Regulations 2008 are referred to as the 2008 regulations; and
- the Local Government Pension Scheme is referred to as the LGPS.

When looking at the figures in this release it should be remembered that throughout the year there are always staff transferring their pensions into, and out of, the LGPS because they either commence work for an employer who is a member of the LGPS and bring their accrued pension with them, or they move to another employer and take their pension pot with them. In addition, there will be occasions where staff transfer between LGPS schemes and so there will also be transfers between funds within the LGPS.

Special factors affecting 2014-15

During 2014-15, responsibility for the pensions of approximately 46,000 probation service members of the LGPS were transferred from 34 different pension administering bodies in England and Wales to one, the Greater Manchester Pension Fund. This included both current employees, former employees who will receive a pension in the future and pensioners. This resulted in a large increase in the Transfer Values shown in **Table 1** (Local Government Pension Scheme expenditure). The scale of this change makes direct comparisons to 2014-15 misleading, and so changes are reported on a like-for-like basis (ie had the transfer not occurred).

Further details are provided in **Section 7 Technical Notes** below.

1. Expenditure: 2011-12 to 2015-16

Table 1 and **Chart A** provide figures of the expenditure of the Local Government Pension Scheme (LGPS) from 2011-12 to 2015-16.

- Total LGPS expenditure in Wales in 2015-16 was £758 million. Removing the effect of the transfer of the Ministry of Justice (MoJ)/Probation Service staff to the Greater Manchester Pension Fund (£154 million), the increase on a like-for-like basis was £69 million or 8.2%.
- The expenditure on benefits in 2015-16 was £599 million, an increase of £12 million or 2.0% on 2014-15. Of this, expenditure on pensions and annuities was £464 million, an increase of £22 million or 5.0% and expenditure on lump sums paid on retirement was £102 million, an increase of £2 million or 2.1% on 2014-15.
- Disposal of Liabilities, which includes Transfer Values, was £85 million in 2015-16. Excluding the £154 million MoJ/probation service transfer in 2014-15, there was an increase of £52 million or 157% in 2015-16, due mostly to the merger of two universities in Torfaen and Rhondda Cyon Taff.
- Costs charged to the funds increased by £5 million, or 7.6%, in 2015-16 to £72 million.

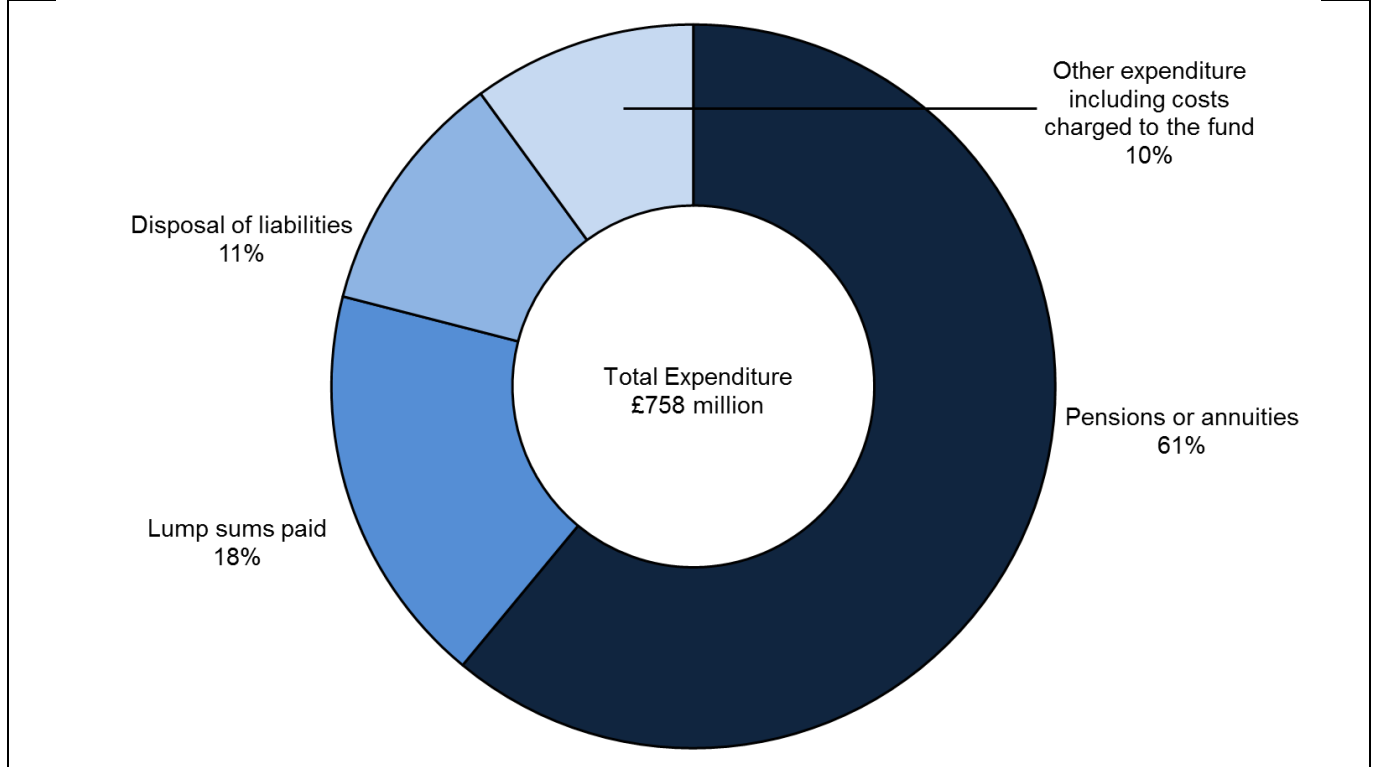
Table 1: Local Government Pension Scheme expenditure 2011-12 to 2015-16							
	2011-12	2012-13	2013-14	2014-15	£ million 2015-16		
Total expenditure on benefits	492	501	540	587	599		
<i>of which:</i>							
<i>Pensions or annuities</i>	366	397	417	442	464		
<i>Lump sums paid on retirement</i>	91	74	87	100	102		
<i>Lump sums paid on death</i>	11	11	13	14	15		
<i>Optional lump sum</i>	23	20	23	31	18		
<i>Other benefits</i>	0	0	0	1	1		
Disposal of Liabilities	63	47	29	//	187	//	85
<i>of which:</i>							
<i>Transfer values^(a)</i>	63	46	29	//	187	//	85
<i>Pensions Act premiums</i>	0	0	0		0		0
<i>Refunds of contributions</i>	0	0	0		0		0
Costs charged to the funds	37	44	55	//	67		72
<i>of which:^(c)</i>							
<i>Fund Management costs^(b)</i>	28	35	45	//	58		-
<i>Administration costs</i>	9	9	10	//	9		-
<i>Investment management expenses</i>	-	-	-		-		60
<i>Administrative expenses</i>	-	-	-		-		9
<i>Governance and oversight costs</i>	-	-	-		-		3
Other expenditure	0	0	1		1		1
Total expenditure	592	592	624	//	843	//	758

(a) Transfer values for 2014-15 includes an exceptional transfer of £154 million from one LGPS funds to the Greater Manchester Pension Fund in respect of MoJ/Probation Service staff who were transferred to that fund during 2014-15.

(b) The way Fund Management costs are reported were changed during 2014-15 following revised guidance from CIPFA

(c) Recording of Management expenses in SF3 2015-16 was changed in line with CIPFA guidance

Chart A: Local Government Pension Scheme expenditure in 2015-16



2. Income: 2011-12 to 2015-16

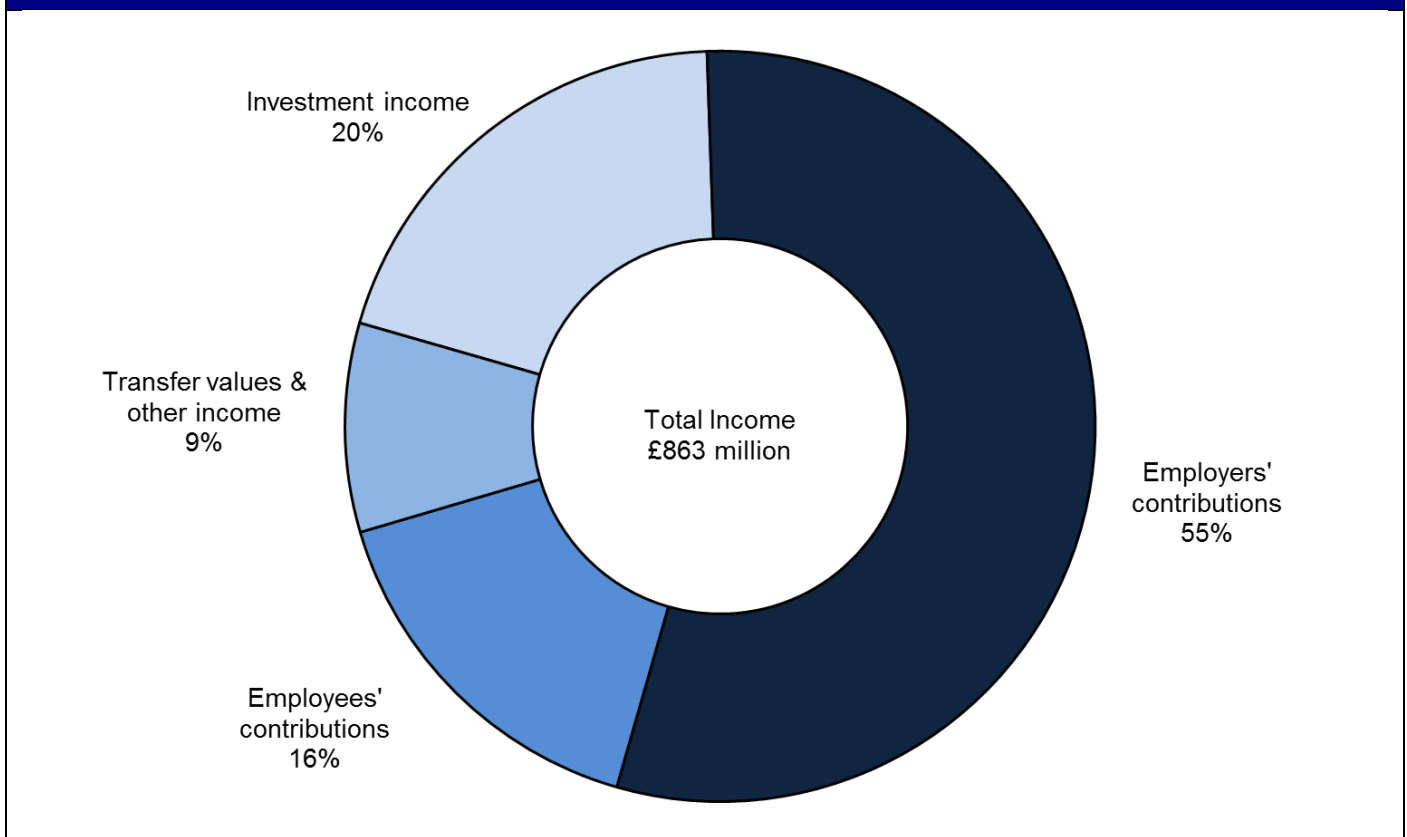
Table 2 and **Charts B** and **C** provide figures of the income to the LGPS and the market value of the scheme from 2011-12 to 2015-16.

- The total income of the LGPS in Wales in 2015-16 was £863 million, an increase of £40 million or 4.9% on 2014-15.
- Employers' contributions to the LGPS in 2015-16 amounted to £472 million, a decrease of £9 million or 1.8% on 2014-15; employees' contributions to the scheme also decreased in the same period by £2 million or 1.2%.
- The market value of LGPS funds at end of March 2016 was just over £13 billion.

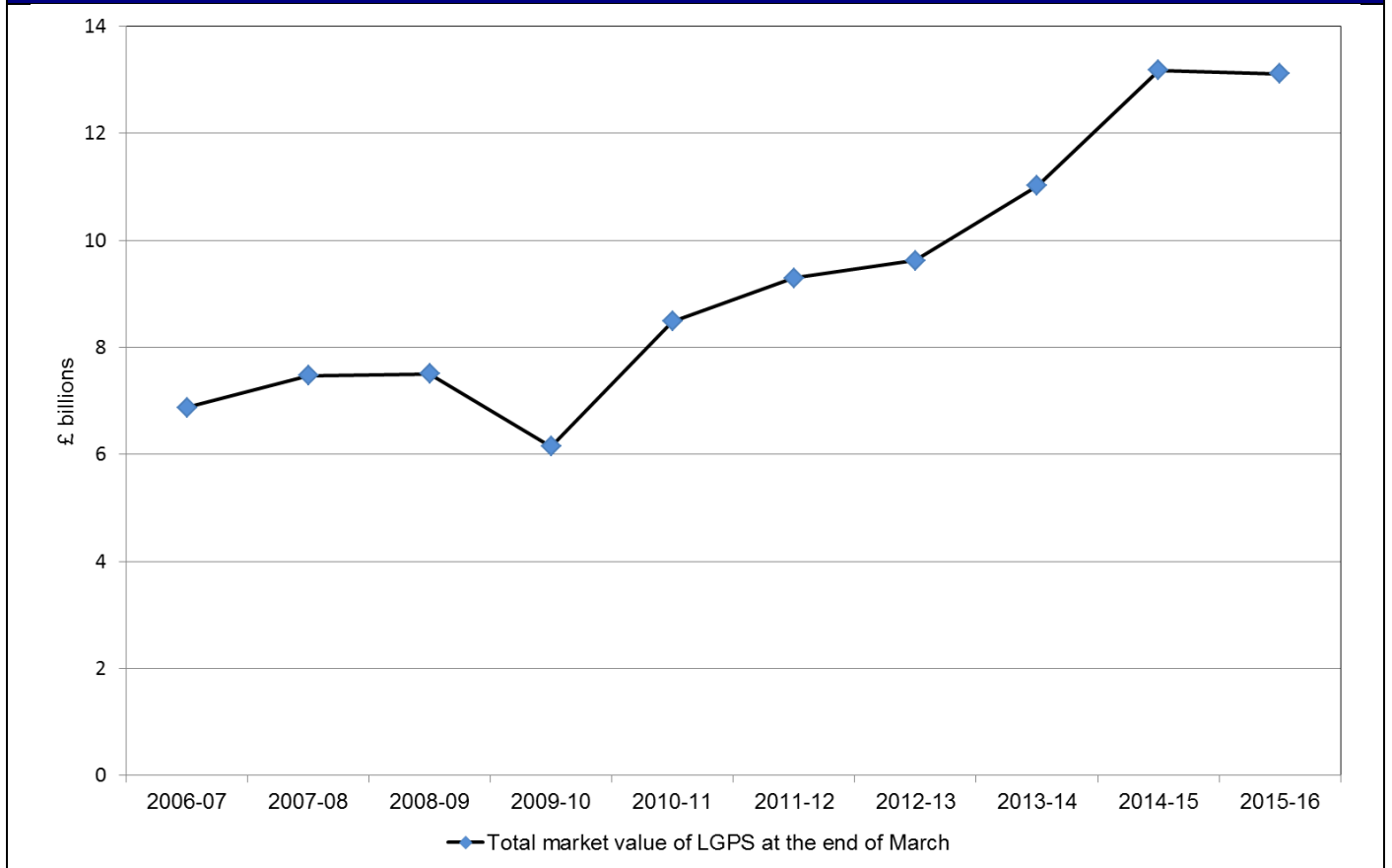
Table 2: Local Government Pension Scheme income and market value of funds 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	£ million 2015-16
Contributions (including those from admitted authorities)					
Employees	131	132	135	137	135
Employers ^(a)	429	449	455	480	472
Investment income (gross)	146	159	174	168	175
of which:					
Dividends receivable	100	93	95	102	105
Interest receivable	6	6	6	2	2
Income from property	7	8	8	12	13
Other investment income	34	52	65	51	54
Transfer values	89	29	43	22	72
Other income	16	7	35	16	9
Total income	812	775	842	823	863
Market value of funds at end of year	9,296	9,621	11,022	13,180	£ million 13,118
(a) Includes employers' secondary contributions					

Chart B: Local Government Pension Scheme income in 2015-16



**Chart C: Market value at the end of the year of the Local Government Pension Scheme
2006-07 to 2015-16**



3. Income and Expenditure

Table 3 and **Chart D** provides a comparison of total LGPS expenditure and income in Wales from 2011-12 to 2015-16.

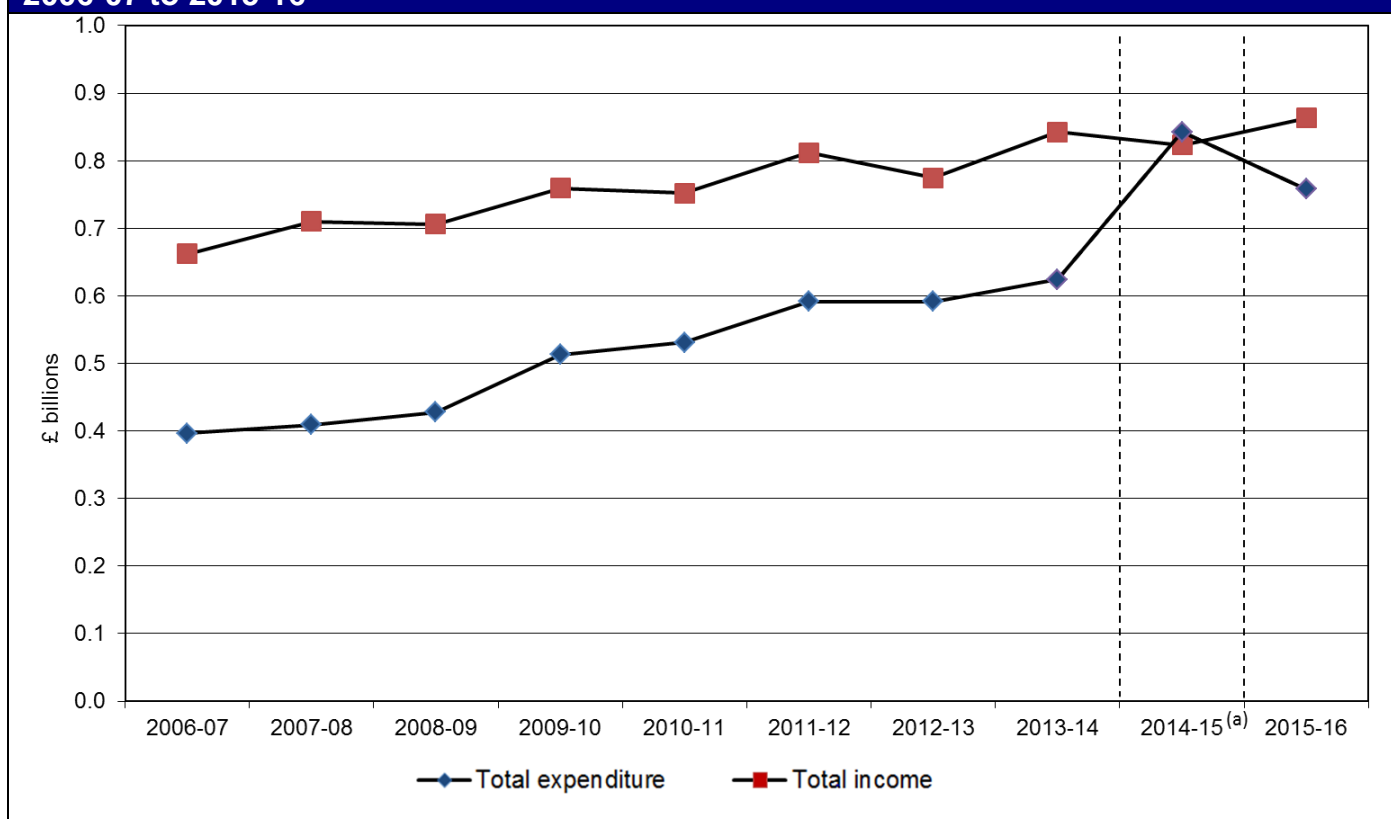
- In 2015-16 total expenditure was 88% of LGPS income.

Table 3: Local Government Pension Scheme total expenditures and income 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15 ^(a)	2015-16
Total expenditure (from Table 1)	592	592	624	843	758
Total income (from Table 2)	812	775	842	823	863
Expenditure as a % of income	73%	76%	74%	102%	88%

(a) In 2014-15 total expenditure accounted for more than the LGPS income but this is due to the MoJ/ Probation Service transfer. If the transfer was ignored total expenditure would account for 84% of LGPS income.

Chart D: Local Government Pension Scheme total expenditure and income 2006-07 to 2015-16



Note:

In 2014-15, £2.6 billion of transfers were made from 34 different pension administering bodies in England and Wales to the Greater Manchester Pension Fund in relation to Probation Service staff. This makes direct comparisons to 2014-15 misleading. See **‘Technical Notes’** for further information.

4. Membership and employers

Membership

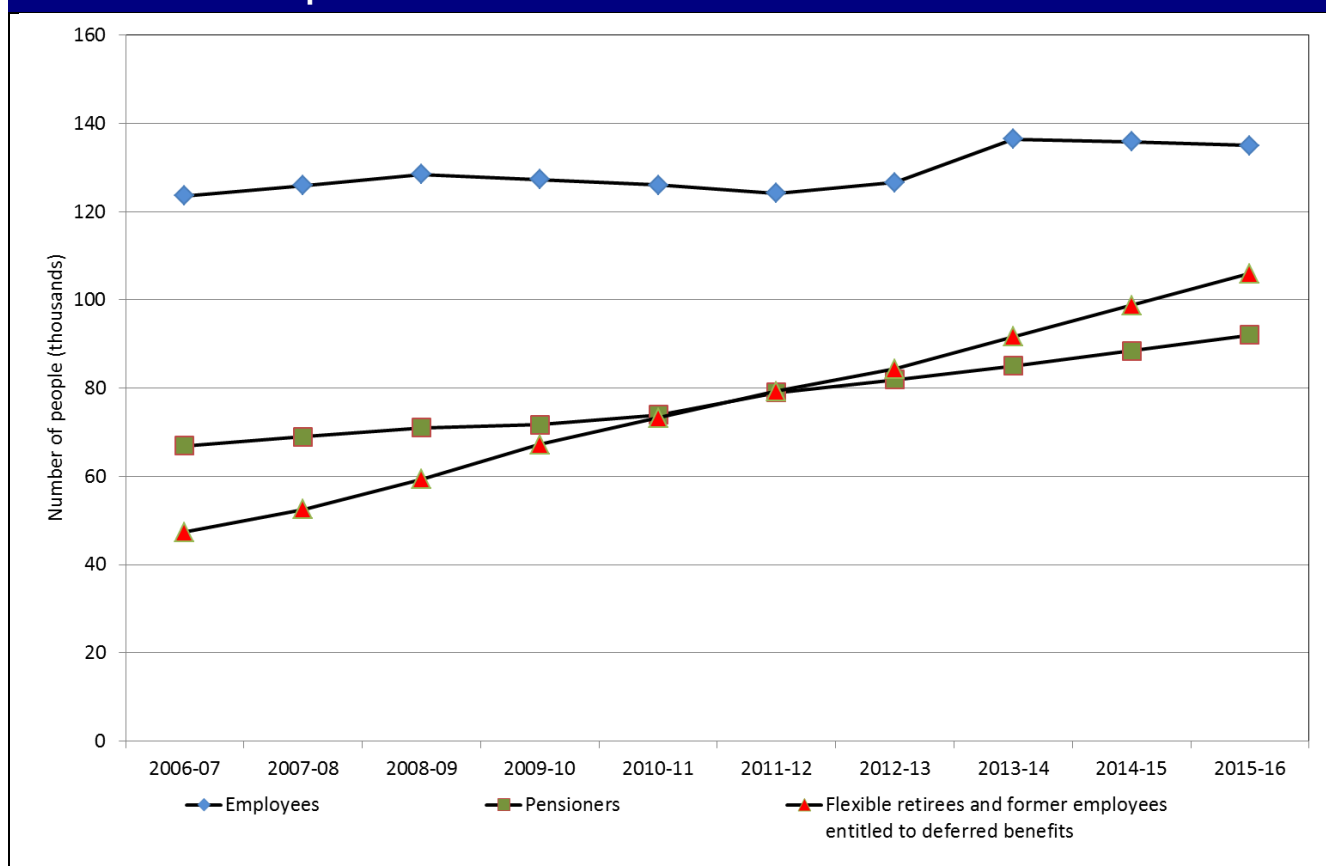
Tables 4 and Chart E provide figures of the membership of the LGPS in Wales.

- At the end of March 2016 the total membership of the LGPS in Wales was nearly 33,000, an increase of 10,000 on March 2015.
- Of this increase in 2015-16 the number of flexible retirees or former employees entitled to deferred benefits rose by 7,000, an increase of 7.3% and the number of pensioners rose by 4,000, or 4.1%, over 2014-15.

Table 4: Number of Local Government Pension Scheme members at the end of each year 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	2015-16
					Thousand
Employees	124	127	136	136	135
Pensioners	79	82	85	88	92
Former employees entitled to deferred benefits	79	84	91	98	105
Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies	0	0	1	1	1
Total membership of LGPS	282	293	313	323	333

Chart E: Membership of the Local Government Pension Scheme 2006-07 to 2015-16



Employers

In 2015-16¹, data were collected for the second time on the type of employer involved in the LGPS. Employers were categorised into one of four groups:

- Local authorities and connected bodies – e.g. a county council, district council
- Centrally funded public sector bodies – e.g. an academy, further education corporation, sixth form college or higher education corporation
- Other public sector bodies – e.g. a National Park Authority
- Private sector, voluntary sector and other bodies – e.g. a passenger transport executive, an urban development corporation, (and private/voluntary sector organisations).

Table 5 shows the number of employers (which includes admitted bodies) in Wales in each of the four groups. It also shows the number of employees, pensioners etc. that are part of the LGPS, by the type of employer.

- 84% of all the members of the LGPS in Wales are covered by local authorities and other connected bodies. Local authorities and other connected bodies represent 48% of all employers in the LGPS.

Table 5: Number of Local Government Pension Scheme members at the end of 2015-16 by type of employer					
	Local authorities and connected bodies	Centrally funded public sector bodies	Other public sector bodies	Private sector, voluntary sector and other bodies	Total ^(a)
Total number of employers	231	43	25	180	479
					Thousand
Employees	112	15	1	7	135
Pensioners	80	8	0	4	92
Former employees entitled to deferred benefits	86	15	0	4	105
Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies	1	0	0	0	1
Total covered by Local Government Pension Scheme	279	38	1	14	333

¹ The data reported in Table 5 are as reported by pension authorities. They have been collected for the second time in 2015-16 and therefore they should be interpreted with caution.

5. Retirements from the Local Government Pension Scheme

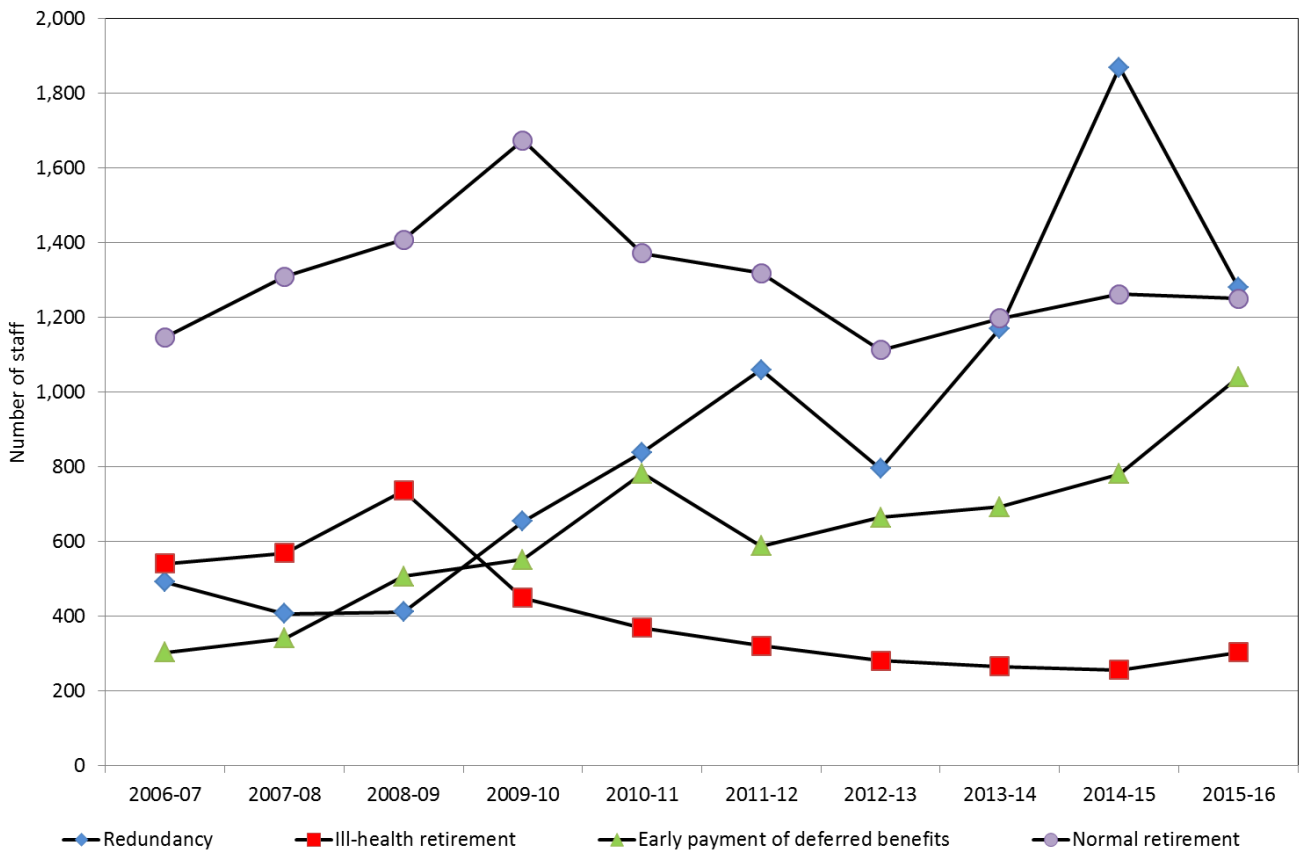
Table 6 and **Charts F** and **G** provide figures of the type of retirement from the LGPS in Wales from 2006-07 to 2015-16.

- There were 3,876 retirements from the LGPS in 2015-16, a decrease of 293 or 7% when compared with 2014-15.
- The number of people leaving the LGPS in 2015-16 due to redundancy decreased by 588 or 32% from 2014-15.
- The number of employees having their deferred benefits paid early rose by more than 33% in 2015-16.
- The number of people leaving the LGPS in 2014-15 due to normal retirement decreased by 11 or 0.9% over 2014-15.

Table 6: Type of retirements from the Local Government Pension Scheme 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	2015-16
Redundancy	1,060	795	1,170	1,869	1,281
Tier 1,2 & 3 ill health retirement awards under LGPS ^(a)	321	281	266	257	304
Early payment of deferred benefits	588	665	693	781	1,040
Normal retirements	1,319	1,113	1,198	1,262	1,251
Total retirements	3,288	2,854	3,327	4,169	3,876

**Chart F: Type of retirement from the Local Government Pension Scheme
2006-07 to 2015-16**



6. Definitions

A list of terms relating to local government finance is given in the glossary at Annex G (page 214) of *Local Government Financial Statistics England No24 2014*. This can be found at www.gov.uk/government/collections/local-government-finance-statistics-england. The most relevant terms for this release are explained below.

Administering authority

A body responsible for administering a Local Government Pension Scheme fund on behalf of its members who may be drawn from a number of local authorities and other public service employers

Admitted bodies

When an employer participating in the LGPS enters into an outsourcing contract with a private contractor, the contractor must either provide transferring public sector staff with future pension arrangements which are “broadly comparable” to the LGPS or allow transferring staff to continue as active members of the LGPS.

If the contractor wants to allow transferring staff to continue as active members of the LGPS, it must apply to become an “admitted body” i.e. a participating employer in the LGPS. It does this by entering into a legally binding contract (an “admission agreement”) with the administering authority and, if different, the local authority which is awarding the contract. The admission agreement sets out the terms on which the private contractor may participate in the LGPS and which employees may become members of the LGPS.

Contributions

The level of contributions paid by scheme members is determined by the band of pensionable pay specified in Scheme regulations. The rate paid by individual participating employers is determined by local fund actuaries at each Scheme valuation and set for the subsequent triennium period. Where appropriate, these rates may be phased in over the three year period. Scheme regulations do allow for these rates to be revised between triennial valuations in prescribed circumstances.

Flexible retirement

This applies to a member who had attained the age of 55 and who, with his employer’s consent, had reduced their hours of work (or the grade in which they were employed) and was permitted by that employer to receive all or part of their benefits under Regulation 18 of the 2007 Regulations.

Former employees entitled to deferred benefits

Members who leave the scheme having completed the minimum period of service but who are not entitled to the immediate payment of a pension benefit, are awarded a deferred benefit which, under normal circumstances, becomes payable when the person reaches their normal retirement age. Early payment of these benefits is allowed from age 55, and this is when employees ask their former Scheme employer’s consent for their deferred pension to be brought into payment, albeit actuarially reduced.

III-Health retirement

Under the 2007 and 2008 regulations, which came into effect on 1 April 2008, there are now three

levels of ill-health retirement pension payable. These levels depend on the extent to which the incapacitating condition which gave rise to the termination of employment in local government prevents the scheme member from obtaining gainful employment in the general workforce.

There are three levels of ill-health retirement pension payable. These levels depend on the extent to which the incapacitating condition that gave rise to the termination of employment in local government prevents the scheme member from obtaining gainful employment in the general workforce.

Local Government Pension Scheme (LGPS)

The pension funds in the Local Government Pension Scheme operate under regulations made under the Superannuation Act 1972. Schedules to the regulations list the scheme employers, see section 4 of the release to see the make-up of the employers covered by the LGPS. In England there are 81 pension funds in the Local Government Pension Scheme, each administered by an administering authority.

The assets of the pension funds are for meeting the future pension liabilities of the funds, and are part of the financial corporations sector in the National Accounts, not part of the local government sector. Pensions paid out under the scheme are therefore part of the expenditure of the pension funds, not of the local authorities that administer them. Employers' and employees' contributions, part of the income of the funds, are recorded as expenditure by local authorities in their revenue accounts, either directly or indirectly under employees' expenses.

On 1 April 2008, the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 came into effect. This Scheme includes some new and different provisions which may affect comparison with previous data sets.

Lump sum on retirement

Prior to 1 April 2006-07, scheme members on retirement became entitled to both an annual pension based on $1/80^{\text{th}}$ of pensionable pay for each year of membership and a lump sum of three times that amount. Under the current regulations, entitlement is to a pension only based on a higher accrual rate of $1/60^{\text{th}}$ but with the option to commute pension into lump sum.

Lump sum payable on death

This is payable at the discretion of the administering authority to either nominated individuals or dependants of a scheme member who dies in service. Prior to 1 April 2008 this was 2 times final pay. When the 2007 and 2008 regulations came into effect on 1 April 2008, this increased to 3 times final pay.

Pension arrangements for fire fighters, police and teachers

Separate arrangements apply for the pensions of the police, fire fighters and teachers. The police and fire fighters' pensions are provided through unfunded schemes administered locally, and the cost of police and fire fighters' pensions are therefore included in local authority expenditure. Teachers' pensions are provided through a notionally funded scheme administered by the Department for Education (DfE). There is no fund of assets, and teachers' pensions are paid by

the DfE. Employers' and employees' contributions are paid by local authorities to the DfE and are recorded as expenditure in their revenue accounts.

It should be noted that non-operational staff in the police, fire and rescue service support staff, and non-teaching staff in the education sector are covered by the Local Government Pension Scheme.

Refunds of contributions

Contributions refunded when a person leaves a pension scheme before completing a minimum period of service. Under earlier schemes, a refund of contributions could be paid to those leaving the scheme with less than 2 years' service. Under the 2008 scheme, a refund of contributions can only be made to a person who has been a member of the scheme for less than 3 months.

Transfer Values

A cash value assigned to a person's pension pot that is transferred with them when they move from one pension fund to another.

7. Technical Notes

Symbols and conventions

...	= not available
0	= zero or negligible
-	= not relevant
	= discontinuity in data

Rounding

Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent parts.

Survey design for collecting SF3(Pensions) data for 2014-15

During July and August 2015, all 81 Local Government Pension Scheme administering authorities in England were asked to complete the SF3(Pensions) form to show scheme income, expenditure, membership, retirements and other scheme activities.

Special factors affecting 2014-15

Offender management, or probation, services were reformed from 1 April 2014 and their services are now delivered through commercial rehabilitation companies. This had the effect of closing all Probation Trusts, who were participating employers in the LGPS, on 31 March 2014. Staff transferred to the Ministry of Justice and became Civil Servants. Transferring staff remained eligible for the LGPS despite being Civil Servants and the Scheme regulations were amended to provide for that and to include the Secretary of State for Justice as a participating employer in the Scheme. The Scheme regulations were also amended to transfer all Probation Trust membership to the Secretary of State for Justice who became the new employer until the rehabilitation companies were set up.

Tameside Metropolitan Borough Council, in their capacity as the Greater Manchester Pension Fund (GMPF), became the Scheme administering authority for both the Justice Secretary and the commercial rehabilitation companies. The GMPF received the assets and liabilities in respect of all Probation Trust membership from a number of other administering authorities which amounted to assets of over £2bn and liabilities in the region of £1.3bn.

As a result of these changes, approximately 46,000 members of the LGPS, both employees and pensioners, were transferred from 34 pension authorities in England and Wales to the GMPF. This resulted in a large increase in the “Transfers out” in Table 1 above – Expenditure.

Data quality

This Statistical Release contains Official Statistics and as such has been produced to the high professional standards set out in the National Statistics Code of Practice. Official Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2014-15 in this release is derived from Department for Communities and Local Government (DCLG) SF3(Pension) forms and is based on valid returns from all 8 LGPS administering authorities in Wales. The forms should be completed in accordance with the guidance provided, however this guidance is open to interpretation by local authorities when they complete the forms.

Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority and also by DCLG as the data are received and stored. When necessary DCLG have made manual changes to the data to ensure data integrity.

Finally, the release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

Employer data

The data are as reported by pension authorities. They have been collected for the second time in 2015-16 and therefore they should be interpreted with caution.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy). There are two types of revisions that the policy covers:

Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

At time of publication there are no scheduled revisions for this series.

Uses made of the data

The data in this statistical release are essential for a number of different purposes. A central and immediate purpose is to provide Ministers with information about the LGPS. The data are also used by local authorities, their associations and regional bodies.

In addition, the data provides a benchmark on the administration and fund management of the LGPS. The data are also used in compiling the National Accounts and to show the role of pension funds in the economy.

User engagement

Users are encouraged to provide comments and feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and should be sent to: sf3.statistics@communities.gsi.gov.uk

DCLG are interesting in understanding more about how the Local Government Finance statistics and data are used and the decisions they inform. This is important for us so we can provide a high quality service which meets users' needs. We would be extremely grateful if you could spend a couple of minutes completing this survey <https://www.surveymonkey.co.uk/r/LGFuserengagement> or contact us at LGFstats@communities.gsi.gov.uk

Background notes

This Statistical Release can be found at the following web address:
<https://www.gov.uk/government/collections/local-government-pension-scheme>

Timings of future releases are regularly placed on the Gov.UK website,
<https://www.gov.uk/government/statistics/announcements> .

For a fuller picture of recent trends in local government finance, readers are directed to the latest edition of *Local Government Finance Statistics England*, which is available electronically from the Department for Communities and Local Government website:
www.gov.uk/government/collections/local-government-finance-statistics-england .

Devolved administration statistics

In addition to data for England, DCLG also collect data for 81 administering authorities in England. Data for 2014-15 and comparisons with previous years can be found at:

www.gov.uk/government/collections/local-government-pension-scheme

The Scottish Government also collect local government pension fund data. Their information can be found at the following website:

<http://www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats>

Firefighters' statistics

The Home Office also collect and publish data on the Firefighters' pension scheme. This information can be found at the following website:

www.gov.uk/government/collections/firefighters-pension-scheme-statistics

8. Enquiries

Media enquiries: 0303 444 1201

Email: press.office@communities.gsi.gov.uk

Public enquiries and Responsible Statistician:

Jo Coleman

0303 444 1240

Email: sf3.statistics@communities.gsi.gov.uk

Information on Official Statistics is available via the UK Statistics Authority website:

www.statistics.gov.uk/hub/browse-by-theme/index.html

Information about statistics at DCLG is available via the Department's website:

www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

© Crown copyright, 2016

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, email contactus@communities.gov.uk or write to us at:

Department for Communities and Local Government
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

October 2016

For all our latest news and updates follow us on Twitter: <https://twitter.com/CommunitiesUK>

ISBN: 978-1-4098-4924-7