



Department for Communities and Local Government

17 October 2012

LOCAL GOVERNMENT PENSION SCHEME FUNDS WALES 2011-12

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Local Government Pension Scheme Funds Wales 2011-12

Expenditure: 2007-08 to 2011-12

1. **Table 1** and **Chart A** provide figures for Local Government Pension Scheme expenditure from 2007-08 to 2011-12.

Table 1: Local Government Pension Scheme expenditure 2007-08 to 2011-12					
	2007-08	2008-09	2009-10	2010-11	£ million 2011-12
Total expenditure on benefits	345	381	416	460	492
<i>of which:</i>					
<i>Pensions or annuities</i>	280	299	321	338	366
<i>Lump sums paid on retirement</i>	60	65	68	81	91
<i>Lump sums paid on death^(a)</i>	5 //	9	8	10	11
<i>Optional lump sum^(b)</i>	-	8	19	31	23
<i>Other benefits</i>	0	0	0	0	0
Disposal of Liabilities	33	19	64	34	63
<i>of which:</i>					
<i>Transfer values</i>	33	19	64	34	63
<i>Pensions Act premiums</i>	0	0	0	0	0
<i>Refunds of contributions^(c)</i>	0 //	0	0	0	0
Costs charged to the funds	31	28	33	37	37
<i>of which:</i>					
<i>Fund Management costs</i>	23	20	25	28	28
<i>Administration costs</i>	8	7	8	9	9
Other expenditure	0	0	0	0	0
Total expenditure	409	428	513	531	592

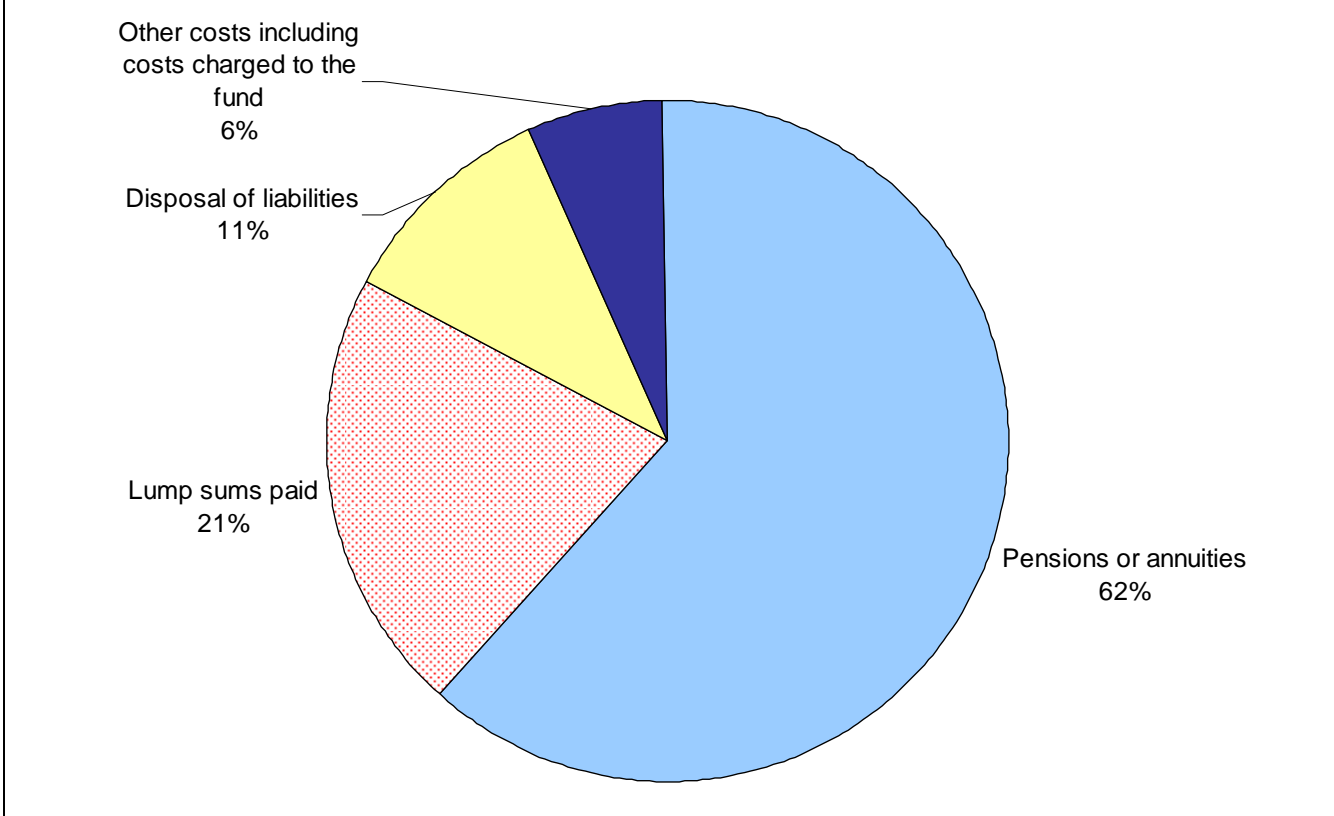
Source: SF3 forms

(a) The rules changed from 1 April 2008. Prior to this date death benefit was twice salary, after this date it is three times salary.

(b) This was introduced from 1 April 2008

(c) The rules changed from 1 April 2008. See *Terminology used in this release* for further details

Chart A: Local Government Pension Scheme expenditure in 2011-12



Income: 2007-08 to 2011-12

2. **Table 2** and **Chart B** provide figures of the income to the Local Government Pension Scheme income and the market value of the Local Government Pension Scheme from 2007-08 to 2011-12.

Table 2: Local Government Pension Scheme income and market value of funds 2007-08 to 2011-12

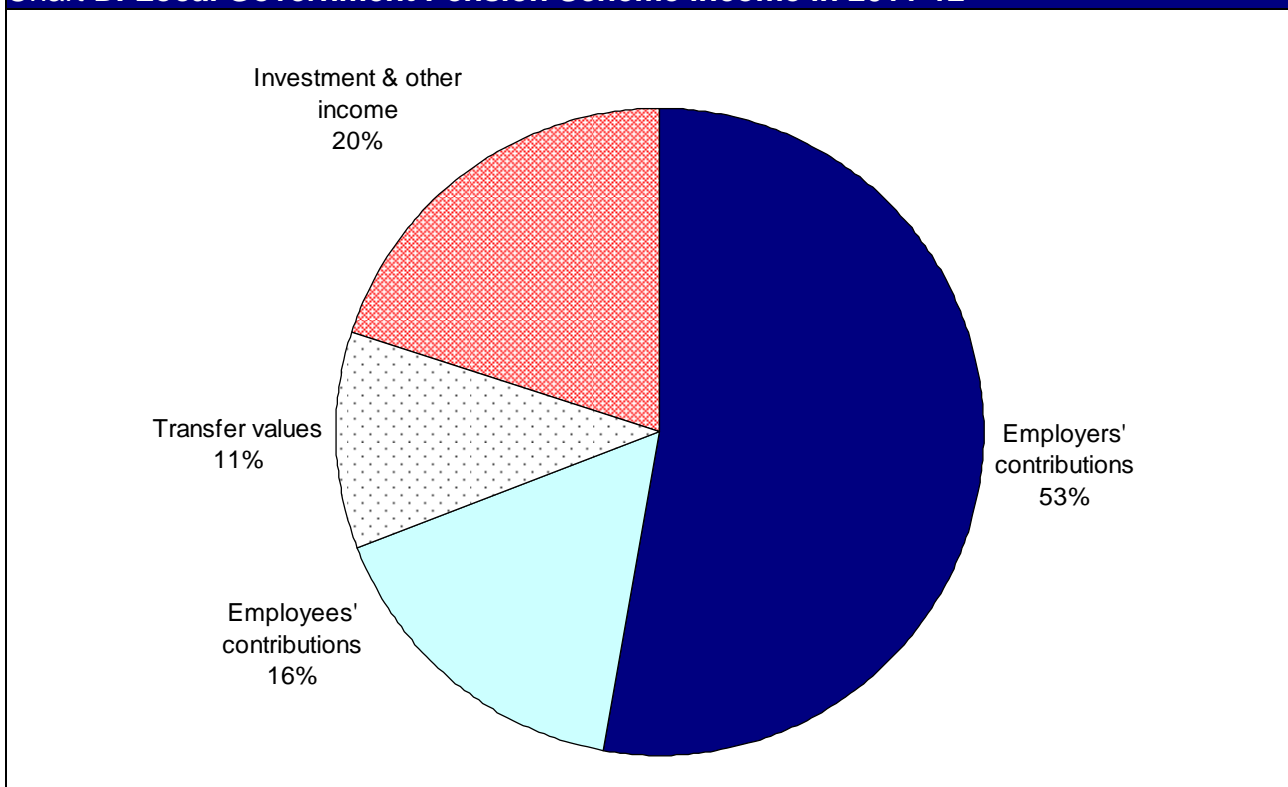
	2007-08	2008-09	2009-10	2010-11	£ million 2010-11
Contributions (including those from admitted authorities)					
Employees ^(a)	115	128	132	133	131
Employers ^(b)	396	409	421	431	429
Investment income (gross)	136	126	118	131	146
of which:					
Dividends receivable	87	80	80	90	100
Interest receivable	17	12	6	7	6
Income from property	3	3	3	5	7
Other investment income	29	30	30	29	34
Transfer values	51	33	68	41	89
Other income	12	10	19	16	16
Total income	710	706	759	752	812
Market value of funds at end of year	7,505	6,146	8,490	9,296	£ million 9,621

Source: SF3 forms

(a) The rate of employee's contribution to the scheme changed from 1 April 2008 from a flat rate for all employees to a variable rate dependent on salary.

(b) Includes employers secondary contributions

Chart B: Local Government Pension Scheme income in 2011-12



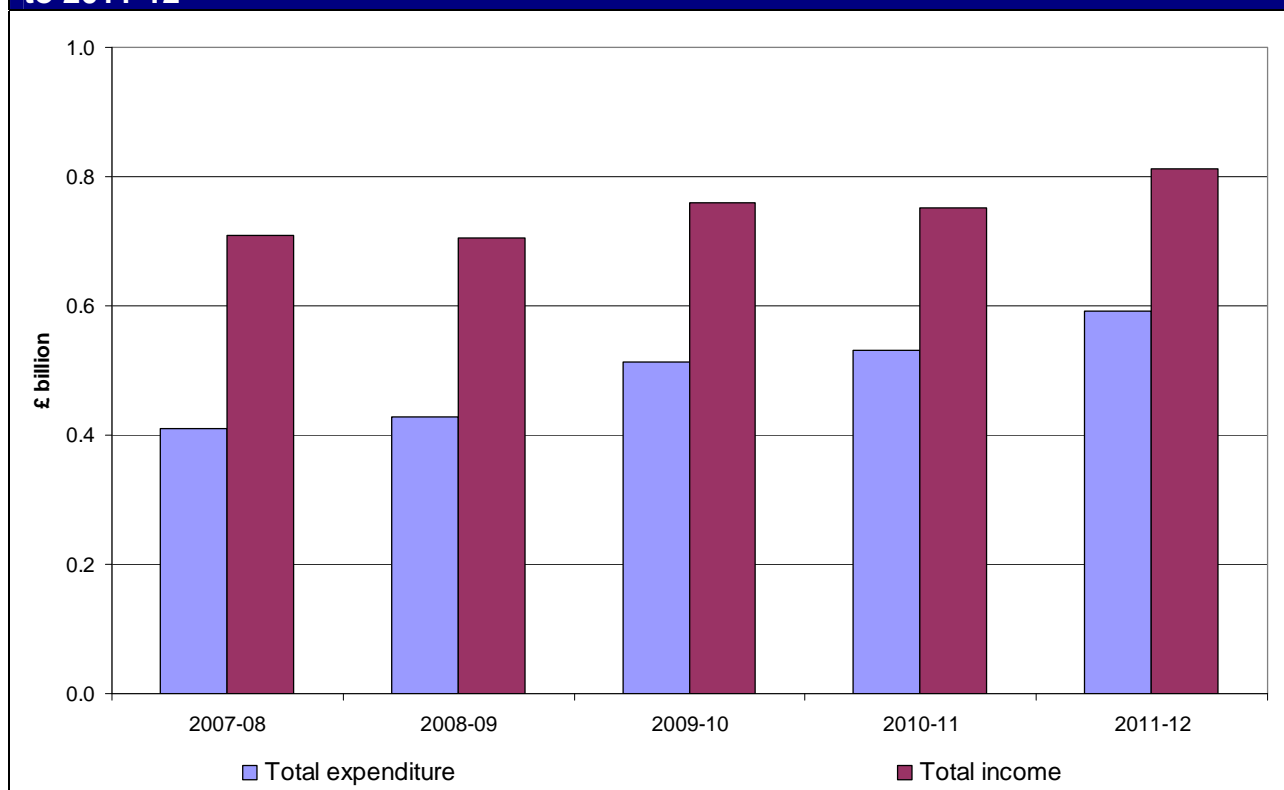
3. **Table 3** and **Chart C** provides a comparison of total Local Government Pension Scheme expenditure and income from 2007-08 to 2011-12.

Table 3: Local Government Pension Scheme total expenditures and income 2007-08 to 2011-12

	2007-08	2008-09	2009-10	2010-11	£ million 2011-12
Total expenditure (from Table 1)	409	428	513	531	592
Total income (from Table 2)	710	706	759	752	812
Excess of income over expenditure	301	278	246	221	220
Expenditure as a % of income	58%	61%	68%	71%	73%

Source: SF3 forms

Chart C: Local Government Pension Scheme total expenditure and income 2007-08 to 2011-12



Membership and market value: 2007-08 to 2011-12

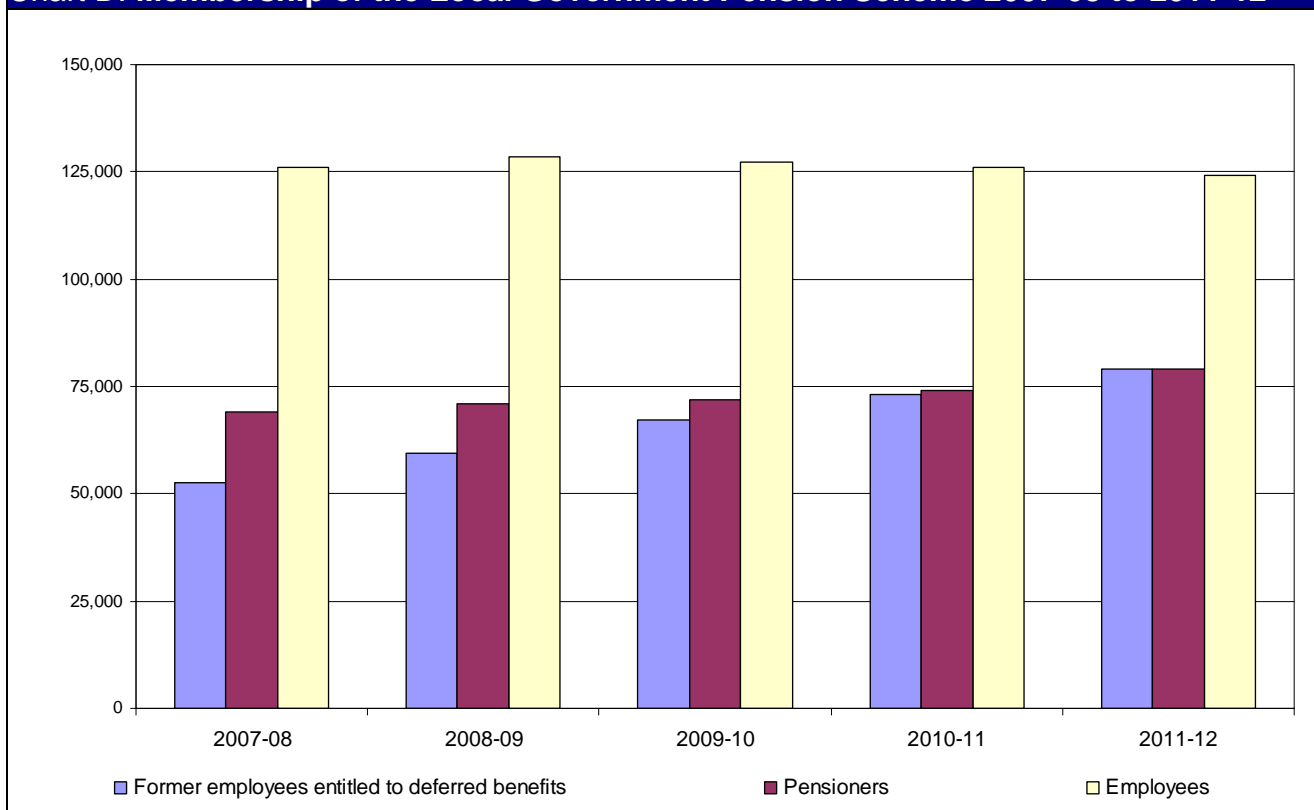
4. **Table 4** and **Chart D** provide figures of the membership of the Local Government Pension Scheme at the end of each year from 2007-08 to 2011-12.

Table 4: Number of Local Government Pension Scheme members at the end of each year 2007-08 to 2011-12

	2007-08	2008-09	2009-10	2010-11	2011-12
					Thousand
Employees	126	128	127	126	124
Pensioners	69	71	72	74	79
Former employees entitled to deferred benefits	53	59	67	73	79
Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies	0	0	0	0	0

Source: SF3 forms

Chart D: Membership of the Local Government Pension Scheme 2007-08 to 2011-12



Retirements from the Local Government Pension Scheme: 2007-08 to 2011-12

5. **Table 5** and **Chart E** provide figures of the type of retirement from the Local Government Pension Scheme from 2007-08 to 2011-12.

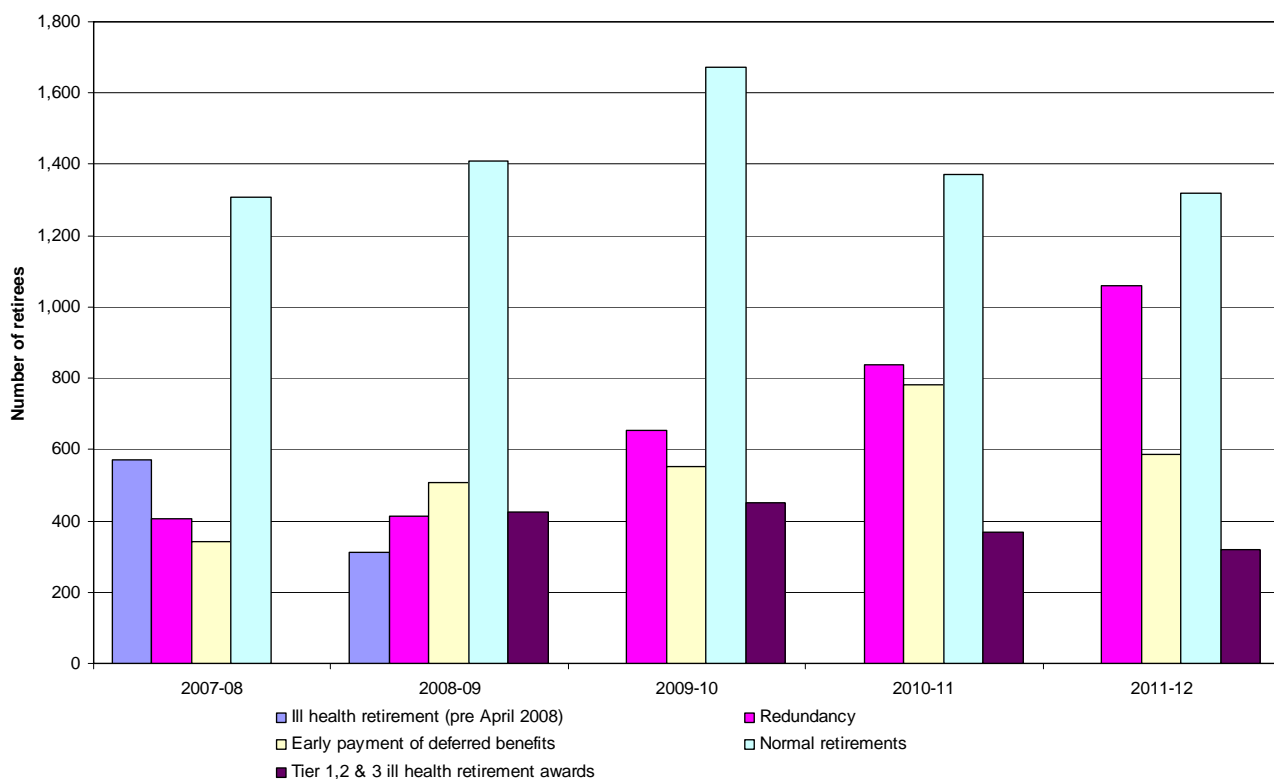
Table 5: Type of retirements from the Local Government Pension Scheme 2007-08 to 2011-12

	2007-08	2008-09	2009-10	2010-11	2011-12
Redundancy	407	412	654	839	1,060
Ill health retirement (pre April 2008)	570	311	-	-	-
Tier 1,2 & 3 ill health retirement awards under LGPS ^(a)	-	426	450	370	321
Early payment of deferred benefits	341	507	552	782	588
Normal retirements	1,309	1,408	1,674	1,372	1,319
Total retirements	2,627	3,064	3,330	3,363	3,288

Source: SF3 forms

(a) This was introduced on 1 April 2008. See *Terminology used in this release* for further details
From 2009-10 onwards ill-health retirements under the 1997 scheme are excluded

Chart E: Type of retirement from the Local Government Pension Scheme 2007-08 to 2011-12



Terminology used in this release

A list of terms relating to local government finance is given in the Glossary of Terms to the *Local Government Financial Statistics England No. 22 2012*. This is accessible at <http://www.communities.gov.uk/publications/corporate/statistics/financialstatistics222012>
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

Admitted bodies

Administering authorities may admit employees of non-scheme employers to the scheme under an admission agreement.

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.

Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies

This applies to a member who had attained the age of 55 and who, with his employer's consent, had reduced his or her 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 the 2007 Benefit Regulations.

Grant payable on death

This is payable to the estate of a scheme member who dies in service. Prior to 1 April 2008 this was 2 times final pay. Since 1 April 2008, when the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 came into effect, this has increased to 3 times final pay. This accounts for the significant increase shown in **Table 1** for 2008-09 compared to earlier years.

Ill Health retirement

Under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 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.

Local Government Pension Scheme

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, most of these are local authorities. In Wales there are 8 pension funds in the Local Government Pension Scheme, each administered by an administering authority. There are 81 LGPS pension fund administering authorities in England.

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. The new Scheme included 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 new 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.

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.

Data quality

The information in this publication is based on data returned to Communities and Local Government by the 8 administering authorities in Wales on Local Government Pension Funds and associated information for the financial year 2011-12 (SF3) 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 in Communities and Local Government as the data are received and stored.

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

Following a review of data used in previous releases, the data for retirees in 2009-10 onwards have been amended (see Table 5).

Uses made of the data

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

In addition, the data are important sources this survey provides a benchmark on the administration and fund management of the Local Government Pension Scheme. The data are also used in compiling the National Accounts and to show the role of pension funds in the economy.

Background Notes

1. This publication has been produced to the high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure they meet customer demands.
2. The information for 2011-12 in this publication is derived from Local Government Pension Scheme Fund (SF3) forms submitted by the 8 Administering Authorities in Wales only.
3. The pension funds in the Local Government Pension Scheme provide pensions for most local authority employees. In England and Wales there are 89 pension funds in the Local Government Pension Scheme. 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. Separate arrangements apply for the pensions of the police, fire fighters and teachers.
4. For enquiries about this publication please contact John Farrar on 0303 444 2116 or email sf3.statistics@communities.gsi.gov.uk.

5. The responsible statisticians for this release are Steven Melbourne and Mike Young who can be contacted on 0303 444 2116
6. A Statistical Release giving details for Local Government Pension Schemes in England can be found at the following web address:
www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/pensionscheme/
7. For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Financial Statistics England No.22 2012* which is available in hard copy from Wetherby Publications Centre at communities@twoten.com (Tel. 0870 1226 236) and electronically from the Department for Communities and Local Government website
www.communities.gov.uk/publications/corporate/statistics/financialstatistics222012
8. The Scottish Government also collect local government pension fund data. Their information can be found at the following website:
www.scotland.gov.uk/Publications/2012/02/2421/5%20

Symbols and convention used in this publication

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

Rounding

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