

13 October 2010

**LOCAL GOVERNMENT PENSION SCHEME FUNDS WALES
2009-10**

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Local Government Pension Scheme Funds Wales 2009-10

Expenditure: 2005-06 to 2009-10

1. **Table 1** and **Chart A** provide figures for Local Government Pension Scheme expenditure from 2005-06 to 2009-10.

Table 1: Local Government Pension Scheme expenditure 2005-06 to 2009-10					
	2005-06	2006-07	2007-08	2008-09	£ million 2009-10
Total expenditure on benefits	288	327	345	381	416
<i>of which:</i>					
<i>Pensions or annuities</i>	250	264	280	299	321
<i>Lump sums paid on retirement^(a)</i>	33 //	58	60	65	68
<i>Lump sums paid on death^(b)</i>	4	5	5 //	9	8
<i>Optional lump sum^(c)</i>	-	-	-	8	19
<i>Other benefits</i>	0	0	0	0	0
Disposal of Liabilities	49	46	33	19	64
<i>of which:</i>					
<i>Transfer values</i>	49	45	33	19	64
<i>Pensions Act premiums</i>	0	0	0	0	0
<i>Refunds of contributions^(d)</i>	1	0	0 //	0	0
Costs charged to the funds	21	24	31	28	33
<i>of which:</i>					
<i>Fund Management costs</i>	14	17	23	20	25
<i>Administration costs</i>	7	7	8	7	8
Other expenditure	0	0	0	0	0
Total expenditure	358	397	409	428	513

Source: SF3 forms

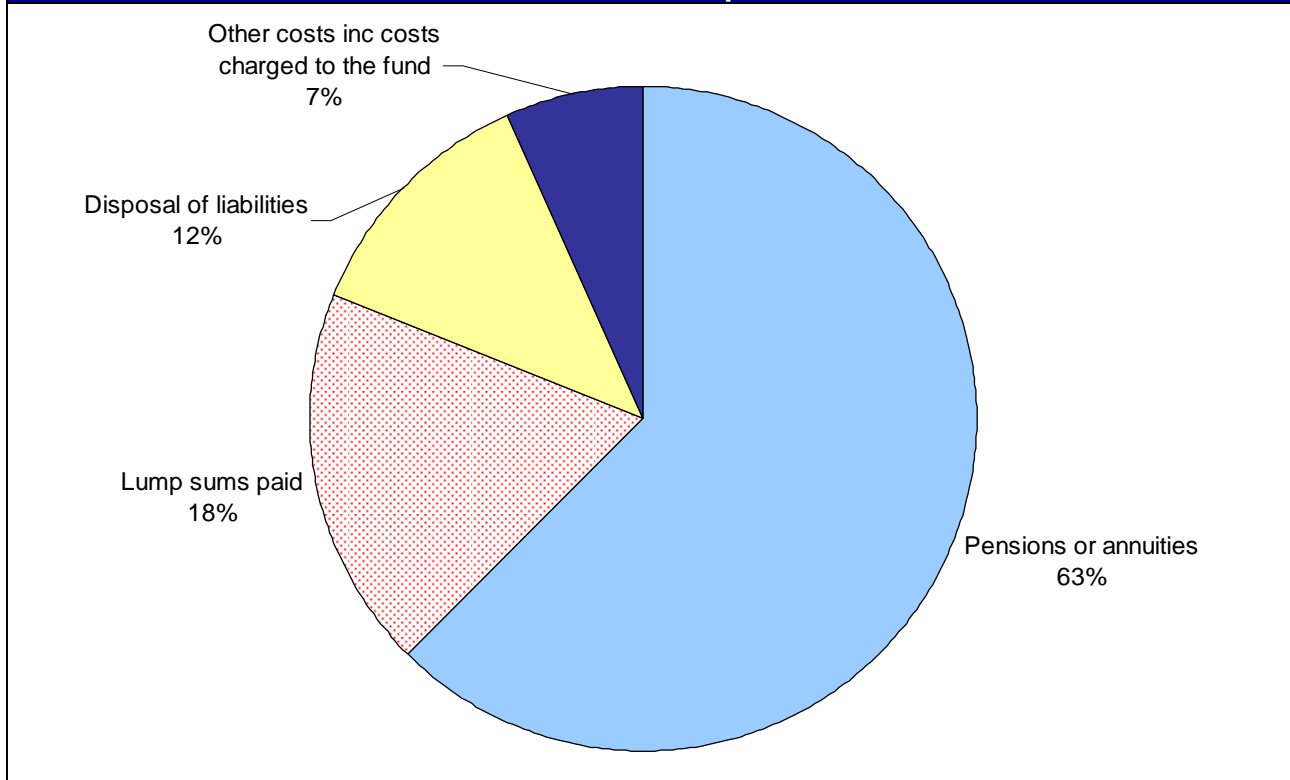
(a) The rules governing the payment of lump sums on retirement changed in 2006-07 and now allow beneficiaries to take more of their pension as a lump sum and less as a continuing pension.

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

(c) This was introduced in April 2008

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

Chart A: Local Government Pension Scheme expenditure in 2009-10



Income: 2005-06 to 2009-10

2. **Table 2** and **Chart B** provide figures for Local Government Pension Scheme income from 2005-06 to 2009-10.

Table 2: Local Government Pension Scheme income 2005-06 to 2009-10

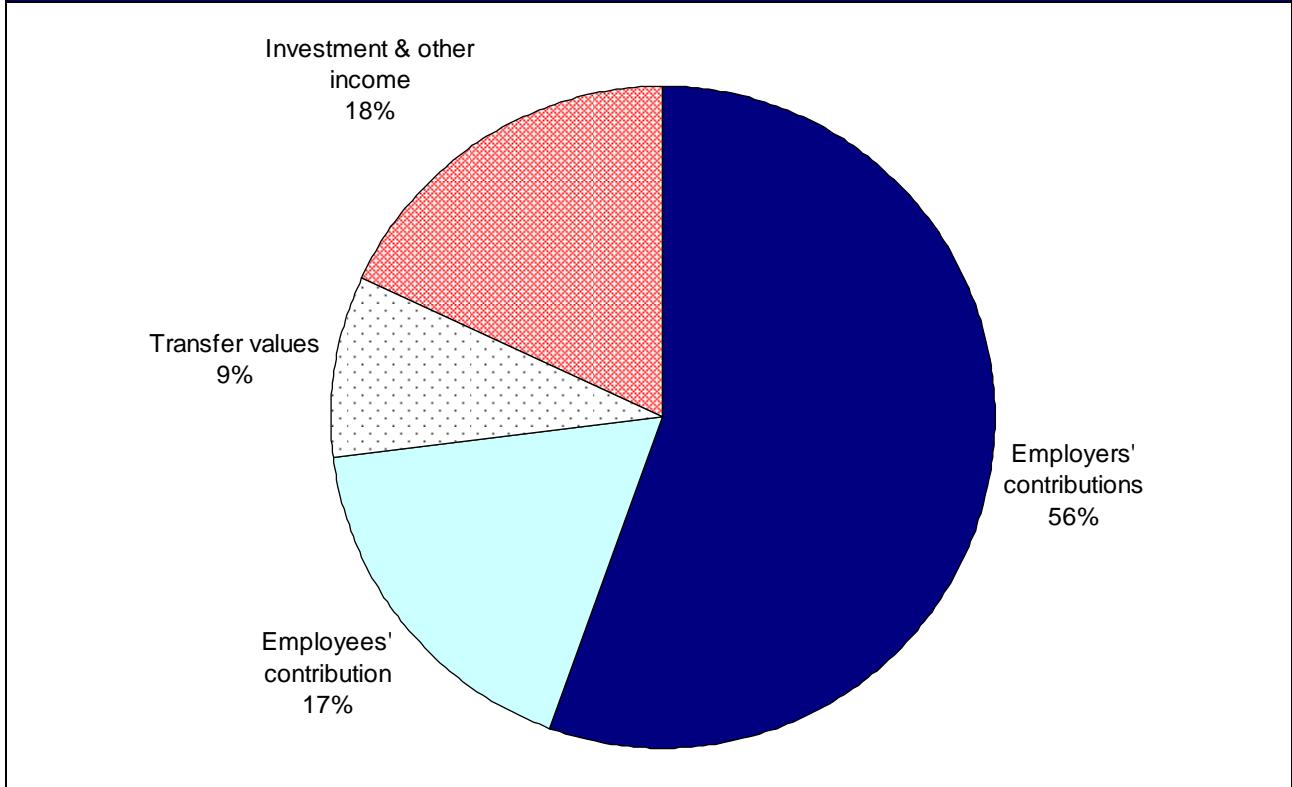
	2005-06	2006-07	2007-08	2008-09	£ million 2009-10
Contributions (including those from admitted authorities)					
Employees ^(a)	104	111	115	128	132
Employers ^(b)	317	360	396	409	421
Investment income (gross)	114	128	136	126	118
<i>of which:</i>					
<i>Dividends receivable</i>	71	79	87	80	80
<i>Interest receivable</i>	13	15	17	12	6
<i>Income from property</i>	4	4	3	3	3
<i>Other investment income</i>	27	30	29	30	30
Transfer values	60	54	51	33	68
Other income	9	9	12	10	19
Total income	604	662	710	706	759

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.

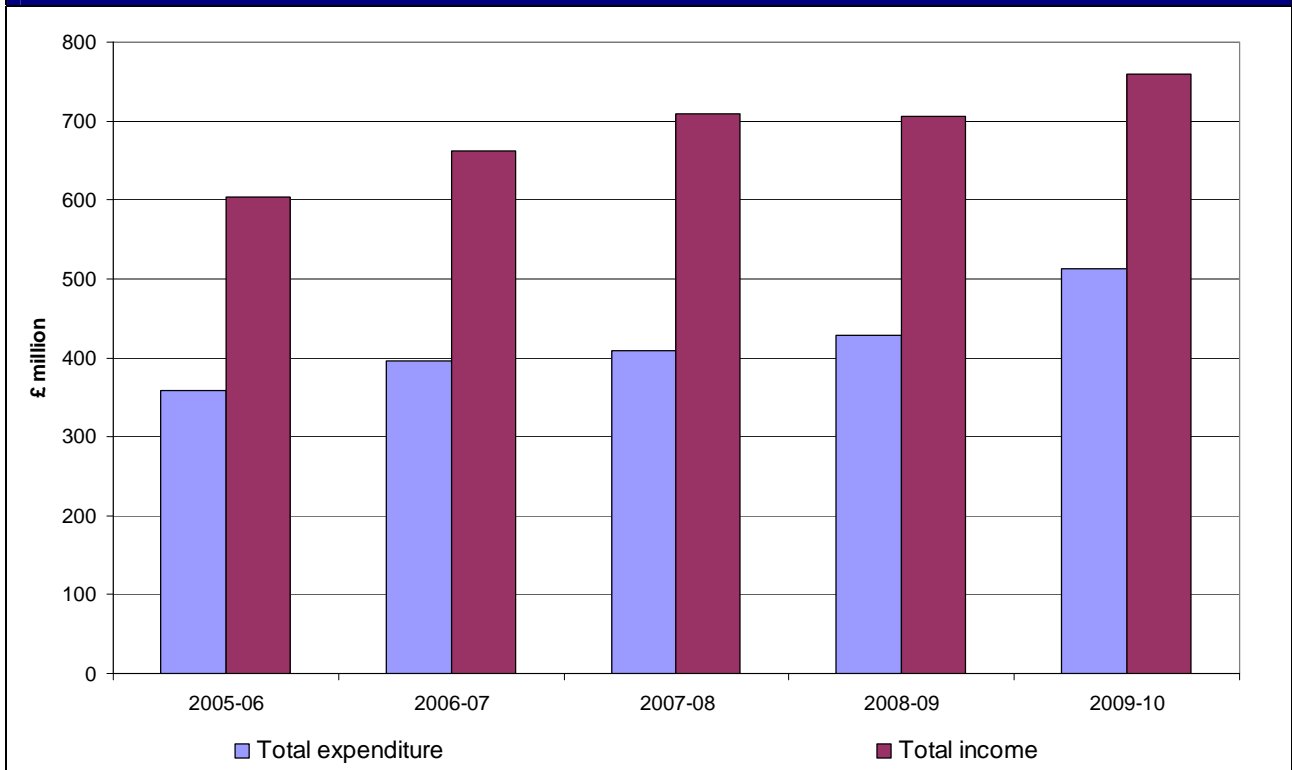
(b) Includes employers secondary contributions

Chart B: Local Government Pension Scheme income in 2009-10



3. **Chart C** provides a comparison of total Local Government Pension Scheme expenditure and income from 2005-06 to 2009-10.

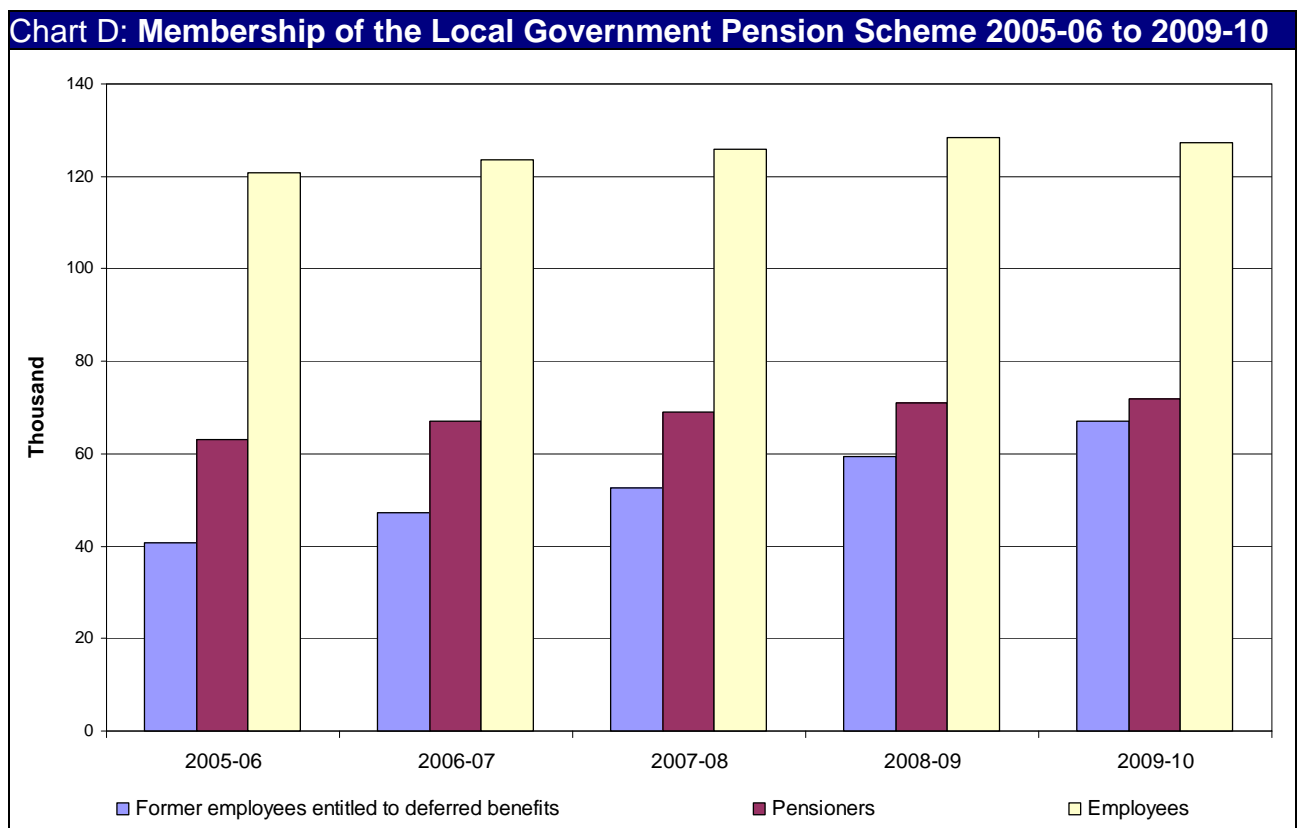
Chart C: Local Government Pension Scheme total expenditure and income 2005-06 to 2009-10



Membership and market value: 2005-06 to 2009-10

4. **Table 3** and **Chart D** provide figures of the membership and the market value of the Local Government Pension Scheme from 2005-06 to 2009-10.

Table 3: Number of Local Government Pension Scheme members and market value of funds at the end of each year 2005-06 to 2009-10					
	2005-06	2006-07	2007-08	2008-09	Thousand 2009-10
Number of scheme members					
Employees	121	124	126	128	127
Pensioners	63	67	69	71	72
Former employees entitled to deferred benefits	41	47	53	59	67
Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies	-	0	0	0	0
Market value of funds at end of year	6,876	7,478	7,505	6,146	£ million 8,490
Source: SF3 forms					



Retirements from the Local Government Pension Scheme: 2005-06 to 2009-10

5. **Table 4** and **Chart E** provide figures of the type of retirement from the Local Government Pension Scheme from 2005-06 to 2009-10.

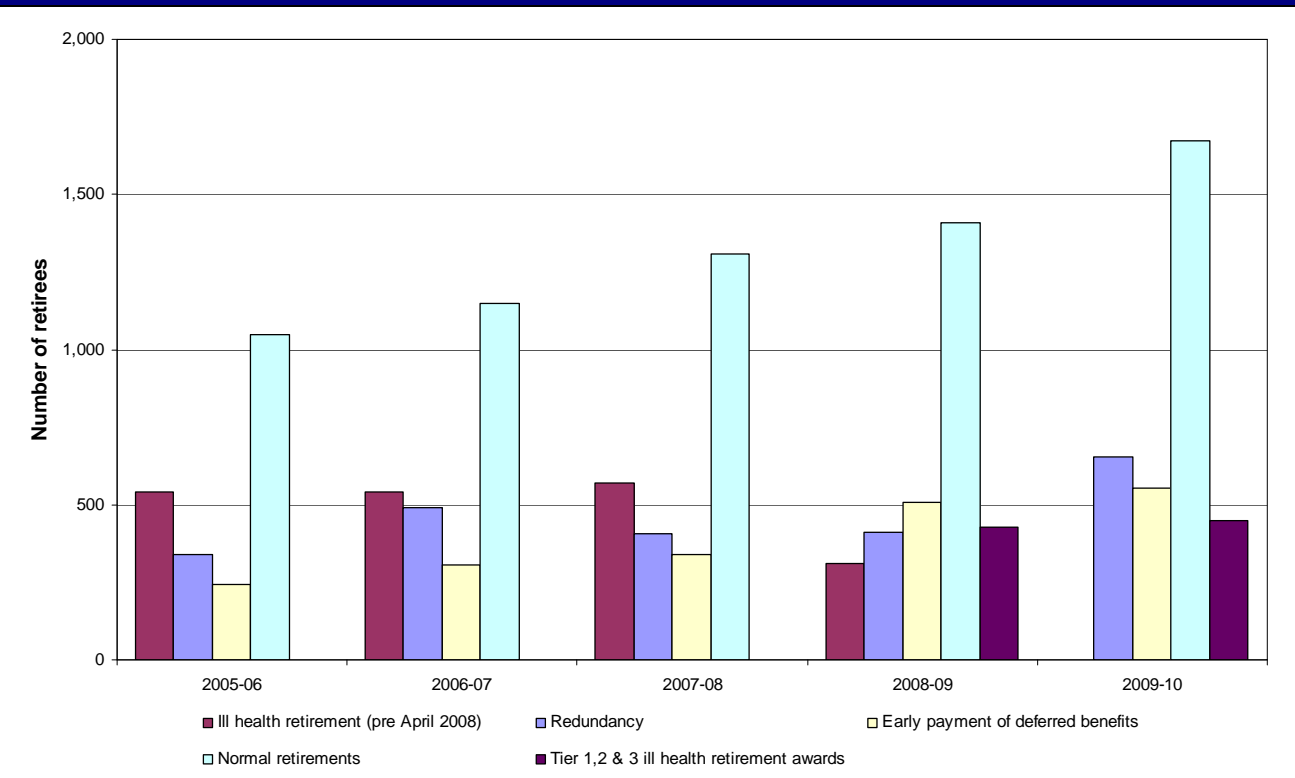
Table 4: Type of retirements from the Local Government Pension Scheme 2005-06 to 2009-10

	2005-06	2006-07	2007-08	2008-09	2009-10
Number of scheme members					
Redundancy	340	492	407	412	654
Ill health retirement (pre April 2008)	540	541	570	311	-
Tier 1,2 & 3 ill health retirement awards under LGPS ^(a)	-	-	-	426	450
Early payment of deferred benefits	242	304	341	507	552
Normal retirements	1,048	1,147	1,309	1,408	1,674
Total retirements	2,170	2,484	2,627	3,064	3,330

Source: SF3 forms

(a) This was introduced on 1 April 2008. See *Terminology used in this release* for further details

Chart E: Type of retirement from the Local Government Pension Scheme 2005-06 to 2009-10



Terminology used in this release

A list of terms relating to local government finance is given in the glossary at *Annex G to Local Government Financial Statistics England No. 20 2010*. This is accessible at www.communities.gov.uk/publications/corporate/statistics/financialstatistics202010 . 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.

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 2009-10 (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.

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 2009-10 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 in England, readers are directed to *Local Government Financial Statistics England No.20 2010* which is available in hard copy from Wetherby Publications Centre at communities@twoten.com (Tel. 0870 1226 236) and electronically from the Communities and Local Government

website

www.communities.gov.uk/publications/corporate/statistics/financialstatistics202010

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/2010/03/23110606/5

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