



Local Government Pension Scheme Funds Wales 2012-13

- Local Government Pension Scheme expenditure on benefits in 2012-13 was £501 million, up £9 million from 2011-12. Total expenditure was £592 million, the same as in 2011-12.
- The overall Local Government Pension Scheme income in 2012-13 fell by £37 million, or 4.5% when compared with the figure for 2011-12.
- The market value of the funds at end of March 2013 was £11 billion. This represents an increase of more than 14% on March 2012 and an increase of 79% on March 2009.
- In 2012-13, total expenditure accounted for 76% of the Local Government Pension Scheme income, an increase of three percentage points on 2011-12 and up from 61% in 2008-09.
- For the first time in a number of years there was an increase in the number of employees in the Local Government Pension Scheme. At the end of March 2013 there were 127 thousand members, an increase of 3 thousand, or 2%, over the figure for March 2012. A contributory factor to this increase may be that authorities are now required to auto-enrol staff into pension schemes. This came into effect from October 2012. Staff may opt out of the scheme if they wish.
- The number of people leaving the Local Government Pension Scheme in 2012-13 because of redundancy decreased by 25% over the 2011-12 figure.
- The number of people leaving the Local Government Pension Scheme in 2012-13 because of normal retirement decreased by 14% over the 2011-12 figure.

23 October 2013

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Introduction

This release provides information on Local Government Pension Scheme Funds in Wales that was gathered on the SF3(Pensions) 2012-13 forms that were submitted by all 8 Administering Authorities in Wales. The form collects information on Local Government Pension Funds' scheme income, expenditure, membership, retirements and other activities. It also shows other associated information for the financial year 2012-13 and changes over previous years.

The release has been compiled by the Local Government Finance - Data Collection Analysis and Accountancy Division of Department for Communities and Local Government. For uses please see "Uses made of the data" section.

1. Expenditure: 2008-09 to 2012-13

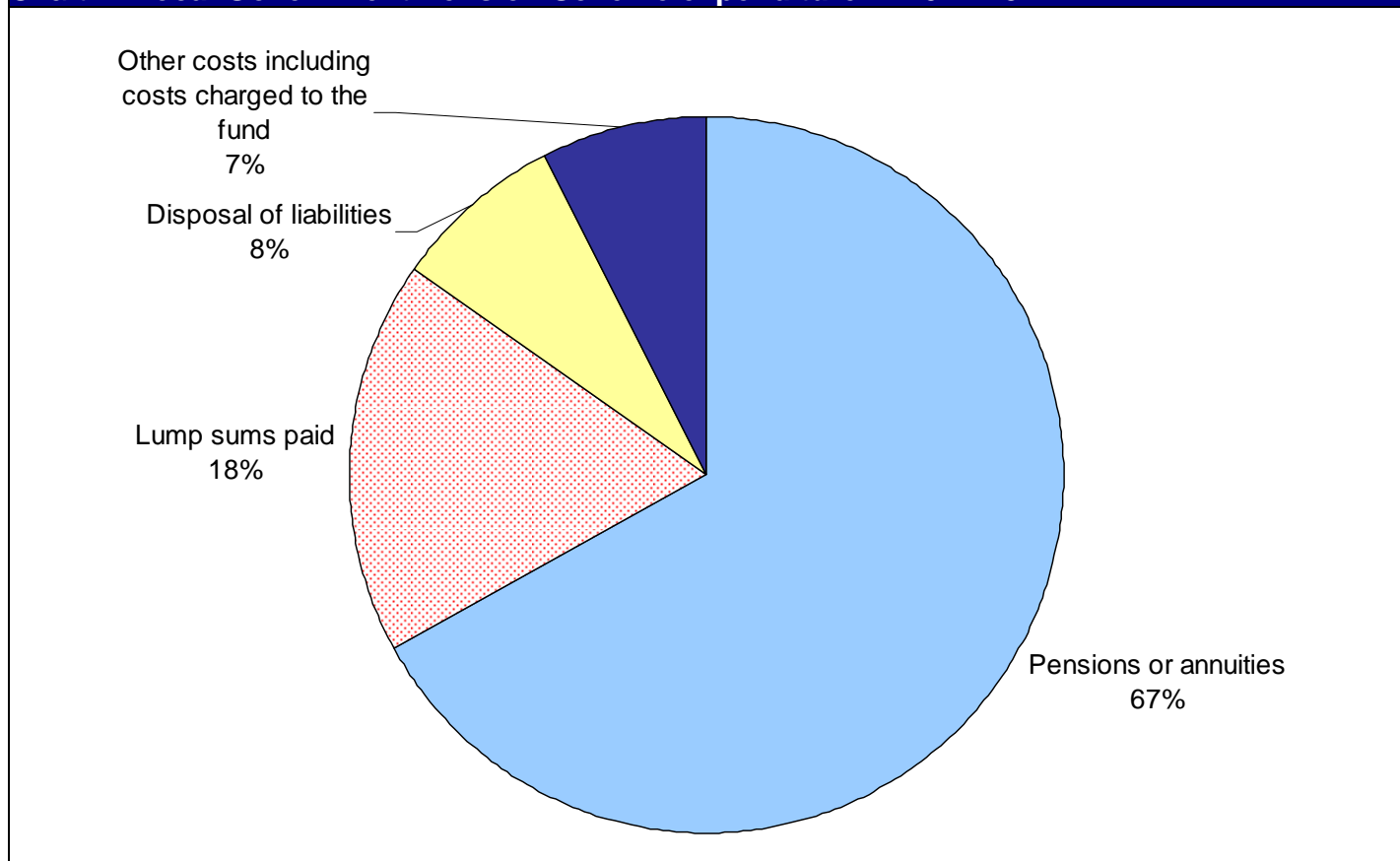
Table 1 and **Chart A** provide figures of the expenditure of the Local Government Pension Scheme in Wales from 2008-09 to 2012-13.

- Local Government Pension Scheme expenditure on benefits in 2012-13 was £501 million, up £9 million from 2011-12. Total expenditure was £592 million, the same as in 2011-12.

Table 1: Local Government Pension Scheme expenditure 2008-09 to 2012-13					
	2008-09	2009-10	2010-11	2011-12	£ million 2012-13
Total expenditure on benefits	381	416	460	492	501
<i>of which:</i>					
<i>Pensions or annuities</i>	299	321	338	366	397
<i>Lump sums paid on retirement</i>	65	68	81	91	74
<i>Lump sums paid on death</i>	9	8	10	11	11
<i>Optional lump sum</i>	8	19	31	23	20
<i>Other benefits</i>	0	0	0	0	0
Disposal of Liabilities	19	64	34	63	47
<i>of which:</i>					
<i>Transfer values</i>	19	64	34	63	46
<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	28	33	37	37	44
<i>of which:</i>					
<i>Fund Management costs</i>	20	25	28	28	35
<i>Administration costs</i>	7	8	9	9	9
Other expenditure	0	0	0	0	0
Total expenditure	428	513	531	592	592

Source: SF3 forms

Chart A: Local Government Pension Scheme expenditure in 2012-13



2. Income: 2008-09 to 2012-13

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 2008-09 to 2012-13.

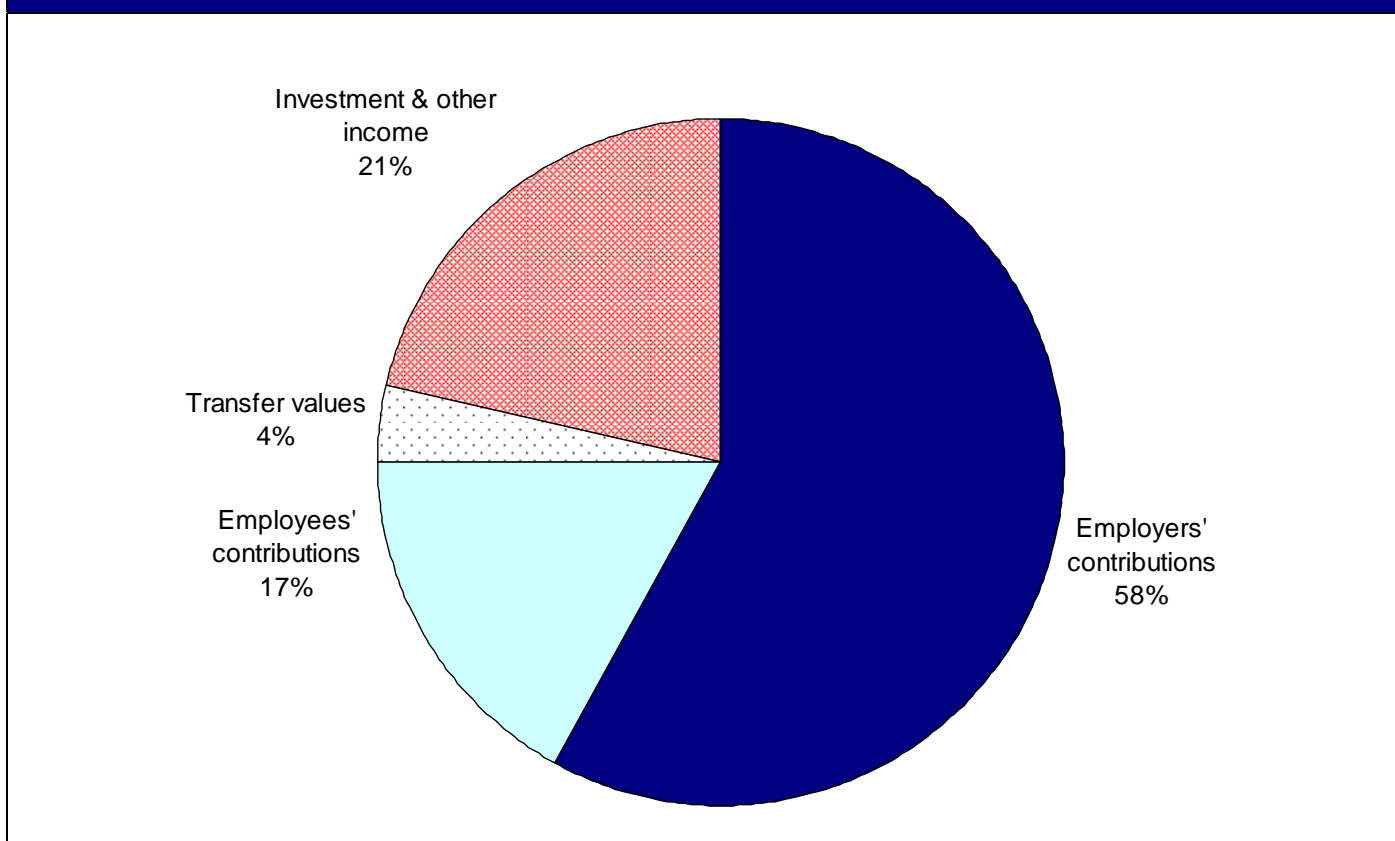
- The overall Local Government Pension Scheme income in 2012-13 fell by £37 million, or 4.5% when compared with the figure for 2011-12.
- The market value of the funds at end of March 2013 was £11 billion. This represents an increase of more than 14% on March 2012 and an increase of 79% on March 2009.

**Table 2: Local Government Pension Scheme income and market value of funds
2008-09 to 2012-13**

	2008-09	2009-10	2010-11	2011-12	£ million 2012-13
Contributions (including those from admitted authorities)					
Employees	128	132	133	131	132
Employers ^(a)	409	421	431	429	449
Investment income (gross)	126	118	131	146	159
<i>of which:</i>					
<i>Dividends receivable</i>	80	80	90	100	93
<i>Interest receivable</i>	12	6	7	6	6
<i>Income from property</i>	3	3	5	7	8
<i>Other investment income</i>	30	30	29	34	52
Transfer values	33	68	41	89	29
Other income	10	19	16	16	7
Total income	706	759	752	812	775
Market value of funds at end of year	6,146	8,490	9,296	9,621	£ million 11,022

Source: SF3 forms
(a) Includes employers secondary contributions

Chart B: Local Government Pension Scheme income in 2012-13



3. Income & Expenditure

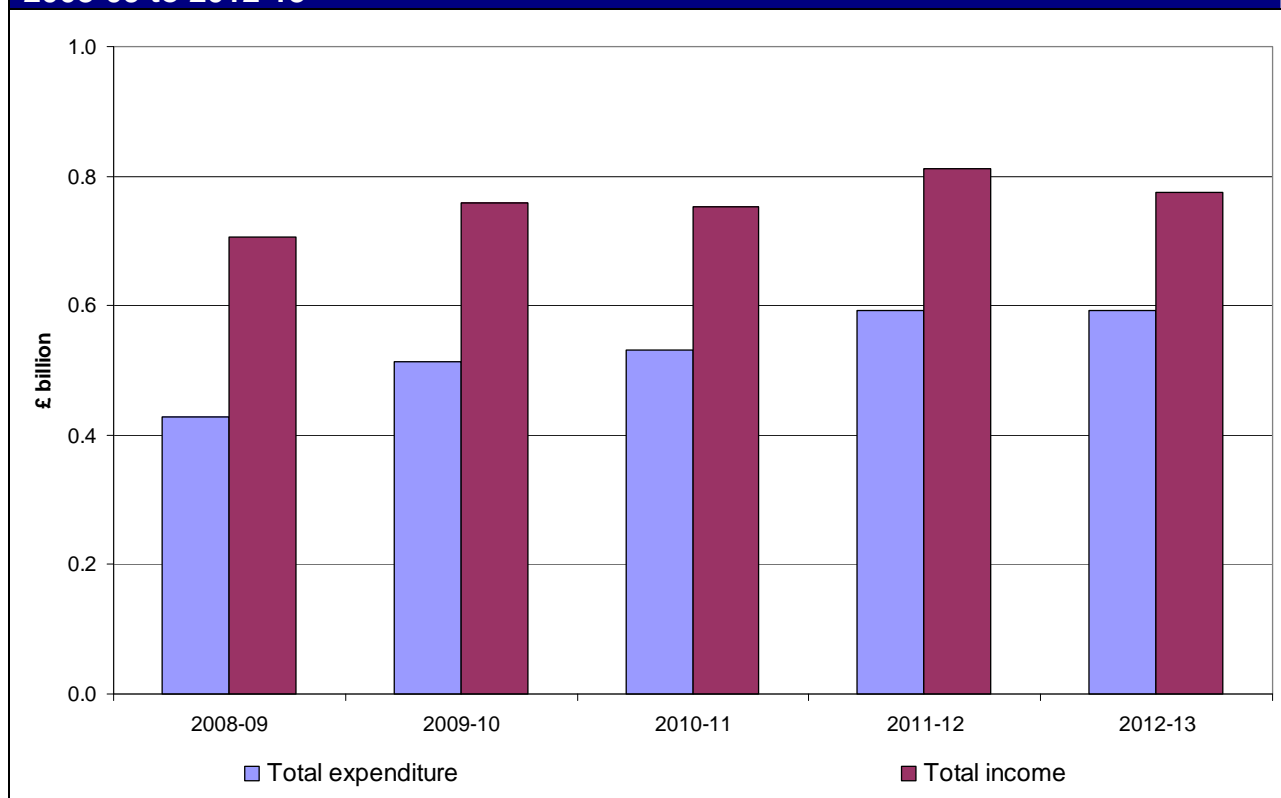
Table 3 and **Chart C** provides a comparison of total Local Government Pension Scheme expenditure and income from 2008-09 to 2012-13.

- In 2012-13, total expenditure accounted for 76% of the Local Government Pension Scheme income, an increase of three percentage points on 2011-12 and up from 61% in 2008-09.

Table 3: Local Government Pension Scheme total expenditures and income 2008-09 to 2012-13					
	2008-09	2009-10	2010-11	2011-12	£ million 2012-13
Total expenditure (from Table 1)	428	513	531	592	592
Total income (from Table 2)	706	759	752	812	775
Excess of income over expenditure	278	246	221	220	183
Expenditure as a % of income	61%	68%	71%	73%	76%

Source: SF3 forms

Chart C: Local Government Pension Scheme total expenditure and income 2008-09 to 2012-13



4. Membership

Table 4 and **Chart D** provide figures of the membership of the Local Government Pension Scheme at the end of each year from 2008-09 to 2012-13.

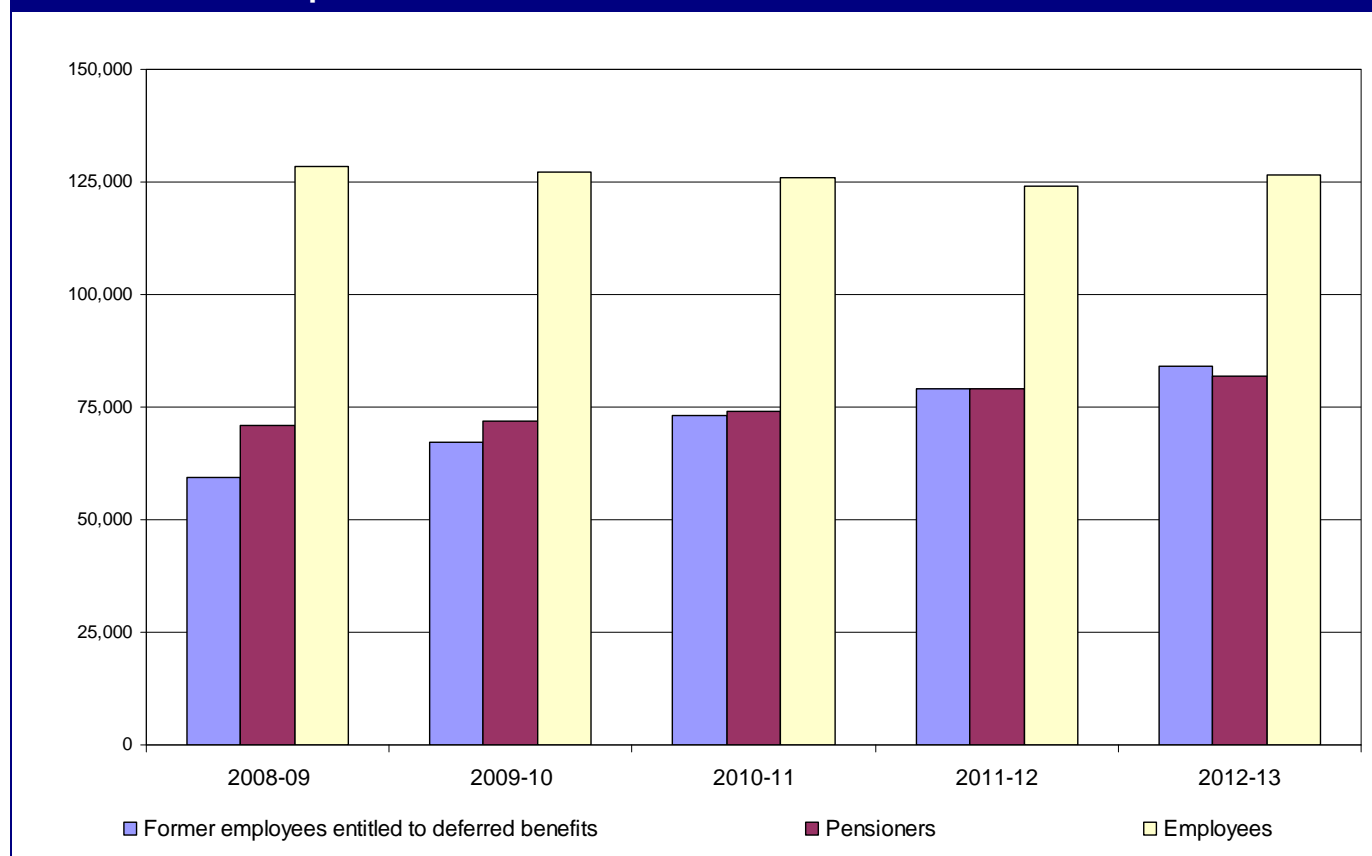
- For the first time in a number of years there was an increase in the number of employees in the Local Government Pension Scheme. At the end of March 2013 there were 127 thousand members, an increase of 3 thousand, or 2%, over the figure for March 2012. A contributory factor to this increase may be that authorities are now required to auto-enrol staff into pension schemes. This came into effect from October 2012. Staff may opt out of the scheme if they wish.

Table 4: Number of Local Government Pension Scheme members at the end of each year 2008-09 to 2012-13

	2008-09	2009-10	2010-11	2011-12	Thousand 2012-13
Employees	128	127	126	124	127
Pensioners	71	72	74	79	82
Former employees entitled to deferred benefits	59	67	73	79	84
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 2008-09 to 2012-13



5. Retirements from the Local Government Pension Scheme 2008-09 to 2012-13

Table 5 and **Chart E** provide figures of the type of retirement from the Local Government Pension Scheme from 2008-09 to 2012-13.

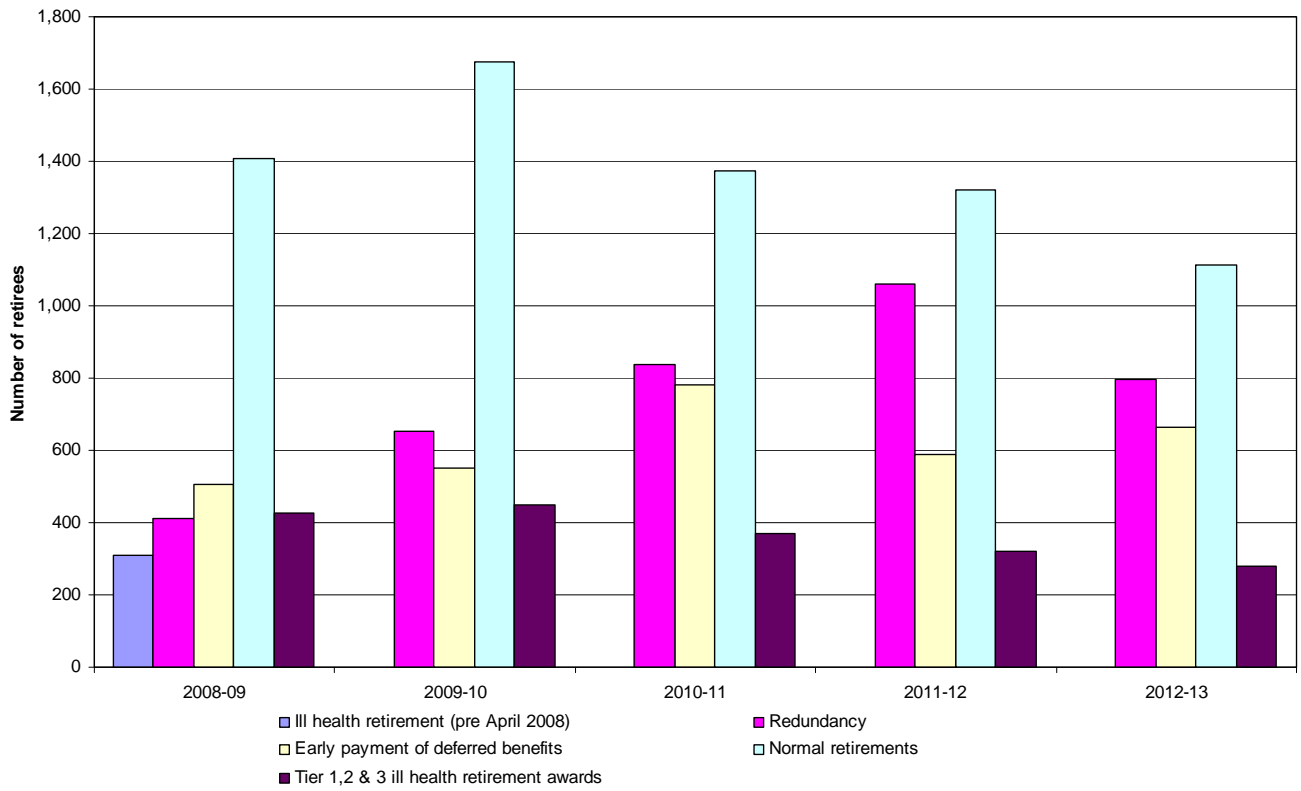
- The number of people leaving the Local Government Pension Scheme in 2012-13 because of redundancy decreased by 25% over the 2011-12 figure.
- The number of people leaving the Local Government Pension Scheme in 2012-13 because of normal retirement decreased by 14% over the 2011-12 figure.

Table 5: Type of retirements from the Local Government Pension Scheme 2008-09 to 2012-13

	2008-09	2009-10	2010-11	2011-12	2012-13
Redundancy	412	654	839	1,060	795
Ill health retirement (pre April 2008)	311	-	-	-	-
Tier 1,2 & 3 ill health retirement awards under LGPS	426	450	370	321	281
Early payment of deferred benefits	507	552	782	588	665
Normal retirements	1,408	1,674	1,372	1,319	1,113
Total retirements	3,064	3,330	3,363	3,288	2,854

Source: SF3 forms
From 2009-10 onwards ill-health retirements under the 1997 scheme are excluded

**Chart E: Type of retirement from the Local Government Pension Scheme
2008-09 to 2012-13**



6. Definitions

A list of terms relating to local government finance is given in the glossary at Annex G of *Local Government Finance Statistics England* No. 23 2013. This is accessible at.

<https://www.gov.uk/government/publications/local-government-financial-statistics-england-2013>

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

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

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.

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 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 Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 came into effect on 1 April 2008, this increased to 3 times final pay.

III-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.

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.

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

Survey design for collecting SF3(Pensions) data for 2012-13

During July & August 2013, the 8 Local Government Pension Scheme administering authorities in Wales were asked to complete the SF3(Pensions) form to show scheme income, expenditure, membership, retirements and other scheme activities.

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 2012-13 in this release is derived from Department for Communities and Local Government (DCLG) SF3(Pension) forms and is based on valid returns from the 8 LGPS administering authorities in Wales.

Only data for authorities that have completed a valid form are used in the computation of national figures for the statistical release. As we received valid data from all authorities in Wales there has not been a need to use a grossing methodology

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 Department for Communities and Local Government as the data are received and stored. These include:

i) **In form validation:** This refers to warnings that are built into the Excel forms that are sent to authorities. Forms have been pre-programmed with sense checks to highlight figures outside a set range. If an authority inputs figures that are likely to be incorrect, the form flags up to the officer inputting the data that this value could be incorrect. In some fields the figure can still be accepted if a reason is given whereas some cells will definitely be rejected as it is deemed impossible. In the majority of cases this means that the forms are returned completed and without any validation queries.

ii) **CLASS (Computerised Local Authority Statistics System) validation:** Once the figures have been received by DCLG, they are input into the CLASS database. Further validation checks are carried out which returns a list of errors and warnings for unexpected figures which team members look through and contact an authority about if necessary.

iii) **Manual (or analytical) validation:** These are extra checks done manually by the teams to double check the figures they receive. During this process the teams also liaise with relevant policy section to clarify and rectify any anomalies.

iv) **Post validation:** Figures get checked and double-checked on the statistical releases. Particular attention is paid to making sure the values have been entered correctly and the figures on the graphs and tables correlate with each other.

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 Local Government Pension Scheme. 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 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.

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: sf3.statistics@communities.gsi.gov.uk

Symbols and conventions

- ... = not available
- 0 = zero or negligible
- = not relevant
- || = discontinuity
- (R) = revised since the last statistical release

Rounding

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

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 <https://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.

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 Department's website,

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications> and on the National Statistics website, <http://www.statistics.gov.uk/releasecalendar/currentreleases.asp>

For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Finance Statistics England* No. 23 2013, which is available electronically from the Department for Communities and Local Government website:

<https://www.gov.uk/government/publications/local-government-financial-statistics-england-2013>

User engagement

Users are encouraged to provide 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 encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here:

<https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Devolved administration statistics

In addition to data for Wales, DCLG also collect data for the 81 administering authorities in England. Data for 2012-13 and comparisons with previous years can be found at:

<https://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.scotland.gov.uk/Publications/2013/02/4659/6>

Firefighters' statistics

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

www.communities.gov.uk/fire/researchandstatistics/firestatistics/firepensionstatistics/

8. Enquiries

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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

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