



Ministry of Housing,
Communities &
Local Government

Local Government Pension Scheme Funds 2019-20 statistical release

Technical Notes



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Contents

Data collection	4
Data quality	4
Things to note on this release	4
Quality assurance	5
Imputation	5
Definitions	5
Revisions policy	9
Non-Scheduled Revisions	9
Scheduled Revisions	9
Revisions in this release	9
Other information	10
Uses of the data	10
Related Statistics	10
Devolved administration statistics	10
User engagement	10
Enquiries	11

Data collection

The Ministry of Housing, Communities and Local Government's (MHCLG) SF3 (Pension) form data collection obtains data on the administration and fund management of the Local Government Pension Scheme. The SF3 (Pension) form was issued in August 2020 to LGPS administering authorities in England and Wales.

The statistical release containing aggregate data collected was originally published on 4 November 2020, with a revision published in May 2021 and can be found at the following link

<https://www.gov.uk/government/collections/local-government-pension-scheme#england-and-wales>

This statistical release has been published as Official Statistics.

Data quality

Things to note on this release

Forms were submitted by all 86 administering authorities during August to October, ensuring a 100% response rate. Originally, one authority (Middlesbrough) provided a partial response as they were unable to provide data for lines A5, Section G and Section I of the memorandum part of the form at the time. The revised release, published in May 2021, includes this later submitted data.

Authorities were asked to submit their data based on their audited accounts. In previous years, the audit of accounts should have been completed by the 31 July 2020. However, the audit timetable was changed for 2020 (due to the Covid pandemic) with the audit deadline set for the 30 November 2020. For 48 authorities, they have provided their provisional accounts data as their audits were not complete. Where provisional data has been submitted, authorities have been asked to submit revised data if their audited figures

are significantly different. Two authorities have made changes, and this has been included in the revised release.

Quality assurance

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

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 pre-defined validation tests both within the form itself, so while the form is being completed by the authority, and also by the Ministry of Housing, Communities and Local Government as the data are received and stored.

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

Imputation

No imputation has been required for this release.

Definitions

A list of general terms relating to local government finance is given in the glossary 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 and up to date terms for this release are explained below.

Administering authority

A body responsible for administering a Local Government Pension Scheme (LGPS) 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 30(6) of the 2013 Pension 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.

Ill-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.

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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. There are 78 pension funds in the LGPS in England at 1 April 2019 and 8 in Wales, 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 1/80th 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 1/60th 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.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority's Code of Practice for Statistics and the Ministry of Housing, Communities and Local Government Revisions Policy and can be found at

<https://www.gov.uk/government/publications/statistical-notice-mhclg-revisions-policy>.

It covers two types of revisions that the policy covers, as follow:

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

Where an authority has provided provisional data and their audited data are significantly different, they have been asked to resubmit their figures.

Small revisions have been made to the data in the revised release published in May following the submission of updated data from two authorities and the receipt of the data missing from one authority that is used in Table 6.

Revisions in this release

There were no revisions to data submitted for previous years.

Other information

Uses of the data

The data in this statistical release are essential for several 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.

Related Statistics

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

<https://www.gov.uk/government/collections/fire-and-rescue-workforce-and-pensions-statistics>

Devolved administration statistics

Data for 2019-20 and comparisons with previous years for England and Wales separately 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:

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

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>

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