



AUDIT AND PENSIONS COMMITTEE

30th June 2011

Date	ANNUAL REVIEW OF RETIREMENTS 2010/2011	
June 2011		
Leader	<u>Summary</u>	Wards
Deputy Leader	<p>The report draws the Committee's attention to the Local Government Pension Scheme retirements that occurred in 2010/2011 and the consequential effect on the pension fund</p> <p>It also reports the number and value of redundancy payments made by the Council in 2010/11 for information.</p>	All
Contributors	<u>RECOMMENDATIONS:</u>	
LG	<ol style="list-style-type: none">1. To note the contents of the report.2. To note that the annual review of 2010/2011 specifically in relation to early retirements does not give rise to an increase in the employer contribution rate for Hammersmith and Fulham Council.	

1 Background

- 1.1 The last full triennial actuarial valuation of the pension fund was conducted in 2010/11 by Barnett Waddingham and it valued the fund's assets and liabilities as at the 31st March 2010.
- 1.2 The Valuation Report made an assessment of the contributions required from each participating employer in order to maintain the solvency of the pension fund. The certified total employer contribution rate for London Borough of Hammersmith and Fulham, including the staff who transferred from H&F Homes to LBHF on 1 April 2011 was calculated as 23.30% of pensionable pay from 1 April 2011 to 31 March 2014 :
- 1.3 Prior to 1 April 2011 H&F Homes employer contribution rate was 15% of pensionable pay, as it was agreed when H&F Homes began, that the past service deficit would not be passed to the Housing Revenue Account. Now that H&F Homes is transferring back to LBHF and in order that the Housing Revenue Account is not subject to a large increase in contributions in 2011/12, it was agreed that a phased increase to the employer's contribution rate would be applied, as follows:

	LBHF	Ex HF Homes employees
1 April 2011	24.70%	18.90%
1 April 2012	25.80%	22.80%
1 April 2013	26.60%	26.60%

- 1.4 In addition to the triennial valuation there is a requirement under regulation 38(5)b and 38(6) of the Local Government Pension Scheme Administration regulations 2008 to carry out an annual comparison of the early retirement costs with the costs that were anticipated in the full fund valuation.
- 1.5 The annual review provides the panel with details of the number and value of retirements and confirms whether the employer contribution rate requires to be adjusted.

2 Retirements in 2010/2011

- 2.1 Retirement data for 2010/2011 was supplied to the actuary in order to carry out the annual review. See Appendix 1
- 2.2 In summary the details were as follows:

Ill health retirements	7
Normal retirement age	29
Employer consent	1
Redundancy	27
Efficiency of the service	0
Late retirement	35
Deferred benefits into payment	87
Total	186

3. Actuaries report

- 3.1 In accordance with Regulations 38(5)b and 38(6) of the Local Government Pension Scheme Administration Regulations 2008, the fund actuary, Barnett Waddingham has carried out an annual comparison of the early retirement costs that have arisen in the Fund, with the costs anticipated in the Fund valuation as at 31 March 2010. This report is attached as Appendix 3 and recommends no change to the employer contribution rate for LBHF.

4. Redundancy payments made in 2010/11

Appendix 2 shows all redundancy payments made by the Council in 2010/11, for information.

- 4.1 Statutory redundancy is the amount the Council is obliged to pay under the Employment Rights Act based on the weekly earnings limit, which is currently £400.00 per week (pro-rated for part time employees).
- 4.2 Discretionary redundancy is the amount payable by waiving the earnings limit, so it is the amount calculated by using the employee's actual weekly pay, less the statutory redundancy amount.
- 4.3 Enhanced severance is paid under the Council's employment policy to low earning employees and it is the amount calculated by using a weekly pay figure equal to 1.5 x the Minimum Earnings Guarantee (pro-rated for part time employees), less the Statutory and Discretionary redundancy payments.
- 4.4 Taxable redundancy is the amount of the total statutory redundancy, discretionary redundancy and enhanced severance, which exceeds £30,000.00 and is therefore subject to income tax

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1	Actuarial files Annual Review file	Les Green X 1878	Finance and Corporate Services Dept Room 317 Town Hall