



AUDIT, PENSIONS AND STANDARDS COMMITTEE

28th June 2012

**ANNUAL REVIEW OF RETIREMENTS
2011/2012**

Contributors

Director of HR
Deputy Director of
Finance
EDFCG

Summary

The report draws members attention to the Local Government Pension Scheme retirements that occurred in 2011/2012 and the consequential effect on the pension fund

It also reports the number and value of redundancy payments made by the Council in 2011/12 for information.

Wards

All

RECOMMENDATIONS:

1. To note the contents of the report.
2. To note that the annual review of 2011/2012 specifically in relation to early retirements and ill health retirements does not give rise to an increase in the employer contribution rate for Hammersmith and Fulham Council.
3. To note that additional employer pension contributions are required from Family Mosaic Housing, Serco and Eden Food Services as a result of their ill health retirements exceeding their allowance and that arrangements are being made to collect these additional contributions.

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 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.
- 1.4 The annual review provides the Committee with details of the number and value of retirements and recommends if employer contribution rates need to be adjusted.

2 Retirements in 2011/2012

- 2.1 Retirement data for 2011/2012 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:

Normal retirement age	23
Deferred benefits into payment	46
Late retirement	29
Flexible retirement	4
Ill health retirements	8
Redundancy	53
Total	163

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

3.2 The actuary's report recommends new employer contribution rates in respect of three of the pension fund's scheme employers as a result of ill health retirements exceeding the allowance made in the last triennial valuation.

3.3 The employers concerned are Family Mosaic Housing, Serco and Eden Food Services, and the Pay and Pensions team will contact the employers to arrange payment of the additional contributions.

4. Redundancy payments made in 2011/12

Appendix 2 shows all redundancy payments made by the Council in 2011/12, in respect of staff that left service from 1 April 2011 to 31 March 2012, 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 £430.00 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 policy for managing organisational change, 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

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

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