



London Borough of Hammersmith & Fulham

AUDIT, PENSIONS AND STANDARDS COMMITTEE

27th June 2013

ANNUAL REVIEW OF RETIREMENTS 2012/2013

Report of the Executive Director of Finance and Corporate Governance

This report is part exempt- Appendices 2 and 3 are exempt from disclosure under paragraph 3 of Schedule 12A of the Local Government Act 2000.

Classification: For Information

Key Decision: No

Wards Affected: All

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Summary

The report draws members attention to the Local Government Pension Scheme retirements that occurred in 2012/2013 and the consequential effect on the pension fund

It also reports the number and value of redundancy payments made by the Council in 2012/13 for information.

Recommendations:

- (i) To note the contents of the report.
- (ii) To note that the annual review of 2012/2013 specifically in relation to ill health retirements does not give rise to an increase in the employer contribution rate for Hammersmith and Fulham Council or any of the other employers who participate in the fund

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 2012/2013

- 2.1 Retirement data for 2012/2013 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:

Deferred benefits into payment	101
Ill health retirements	13
Age retirement	1
Voluntary retirement	36
Early retirement with employer consent	3
Flexible retirement	6
Redundancy retirement	42
Late retirement	23
Total	225

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 or any of the participating employers.

3.2 One ill health retirement occurred with Turners Cleaning, but given that this employer's pensions admission agreement will end on 30 September 2013 and an indicative cessation valuation has taken place showing that the employer is 101% funded, the actuary recommends that no adjustment is made to this employer's current employer contribution rate of 19.00% as it is likely that the employer will be fully funded on exit.

4 Redundancy payments made in 2012/13

Appendix 2 shows all redundancy payments made by the Council in 2012/13, in respect of staff that left service from 1 April 2012 to 31 March 2013, 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 £450.00 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.
- 1.4 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	None		