



# AUDIT AND PENSIONS COMMITTEE

17 February 2010

**CONTRIBUTORS**

**ANNUAL REVIEW OF RETIREMENTS  
2009/2010.**

**WARDS  
All**

This report draws members attention to the Local Government Pension Scheme retirements that occurred in 2009/2010 and the consequential effect on the pension fund

It also reports the number and value of redundancy payments made by the Council in 2009/10 for information.

## **RECOMMENDATION:**

- (i) To note the contents of the report.
- (ii) To note that the annual review of 2009/2010 specifically in relation to early retirements does not give rise to an increase in employer contribution rates.

## 1 Background

- 1.1 The last full triennial actuarial valuation of the pension fund took place in 2007/2008. This valued the funds assets and liabilities as at the 31<sup>st</sup> March 2007.
- 1.2 The results of the valuation required that the employers contribution rates should be as follows:

**22.5% from April 2008**  
**23.6% from April 2009**  
**24.7% from April 2010.**

- 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 panel with details of the number and value of retirements and confirms whether the employer contribution rate requires to be adjusted.

## 2 Retirements in 2009/2010

- 2.1 Retirement data for 2009/2010 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	10
Normal retirement age	30
Employer consent	10
Redundancy	75
Efficiency of the service	2
Late retirement	21
Deferred benefits into payment	79
<b>Total</b>	<b>227</b>

### Actuaries report

- 3.1 In accordance with Regulations 38(5)b and 38(6) of the Local Government Pension Scheme Administration Regulations 2008, we have in previous years

carried out a 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 2007. This year, however, this comparison will not be required as the Triennial Valuation as at 31 March 2010 will incorporate an analysis of the early retirements during the 3 year period, and the report will include details of employer contribution rates from 1 April 2011.

### **Redundancy payments made in 2009/10**

Appendix 2 shows all redundancy payments made by the Council in 2009/10.

- 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 £380.00 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

### **LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS**

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