



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>Audit and Performance Committee</b>
<b>Date:</b>	<b>17<sup>th</sup> September 2015</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Report on Local Government Pension Scheme membership</b>
<b>Wards Affected:</b>	<b>Not applicable</b>
<b>Financial Summary:</b>	<b>The report has no financial implications</b>
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## 1. Executive Summary

This report provides a brief update on changes to the Local Government Pension Scheme (LGPS) since 2013.

## 2. Recommendation

The Committee notes the report.

## 3. Background

- 3.1 There have been a number of changes to the Local Government Pension Scheme since 2013. The first change in July 2013 was auto-enrolment. Previously employees had to opt to join the scheme but from this date all employees are enrolled into the scheme and have to opt out. Existing employees at that date, who were not scheme members had to be enrolled into the scheme.

- 3.2 On go live date 669 people were enrolled into the scheme and of these, 275 opted out again. Since then all new employees have been automatically enrolled.
- 3.3 With the intention of making long term savings on 1 April 2014 the LGPS became a career average scheme, although final salary entitlements until that date were protected.
- 3.4 The accrual rate in the new scheme became 1/49<sup>th</sup> of pensionable earnings with the level of employee contributions detailed in the table below. This meant that contributions increased for any employees earning in excess of £43,000 per annum.

Salary	Contribution %
Up to £13,500	5.5%
£13,501 to £21,000	5.8%
£21,001 to £34,000	6.5%
£34,001 to £43,000	6.8%
£43,001 to £60,000	8.5%
£60,001 to £85,000	9.9%
£85,001 to £100,000	10.5%
£100,001 to £150,000	11.4%
More than £150,000	12.5%

- 3.5 In addition the normal retirement age became state pension age.
- 3.6 The scheme introduced for the first time a 50/50 option which meant that employees could make a 50% contribution and receive 50% benefits, except for death in service which remained the same.
- 3.7 Employer's contributions are adjusted following the triennial valuation of the scheme. The current LGPS employer's rate for Westminster City Council is 22.6%, 12.5% of that relates to the cost of covering benefits currently accruing. The 22.6 % includes a level of contribution that covers the existing deficit within the LGPS fund.
- 3.8 The number of active Westminster City Council members of the scheme on 1 April 2013 was 2,599. This had increased to 3,096 by 1 April 2014 and to 3,160 in March 2015. This is against a declining number of employees. On 1 April 2015 there were 5,431 pensioners and 6,396 deferred members.

- 3.9 The amount of employee contributions for WCC employees in the year 2014/15 increased from 21,106,000 to 24,310,000.
- 3.10 WCC employer contributions excluding schools increased from £14,011,000 in 2013/14 to £16,387,000 in 2014/15.
- 3.11 In addition there are a number of Admitted and Scheduled Bodies whose employees are members of the LGPS and whose employer contribution rates are individually set by the actuary. Scheduled Bodies are Academy Schools and Admitted bodies are largely organisation to which WCC employees have been TUPE transferred. The total number of active members of the scheme on 1 April 2015 was 4,232.
- 3.12 The governance arrangements for pension funds within the Local Government Pension Scheme (LGPS) changed on 1 April 2015. The Public Service Pensions Act 2013 and the Public Service Pensions Act (Northern Ireland) 2014 required pension boards to be established for public service pension schemes.
- 3.13 It is intended that the boards will play an oversight role, with the decision making body remaining the current Council Pensions Committee. The Pension Board will ensure compliance with the LGPS regulations and other legislation relating to the governance and administration of the scheme. The WCC Board has three Employer Representatives, two of whom are elected Members and the third from a Scheduled or Admitted body, and three employee representatives self-nominated and selected on skills and knowledge.

#### **4. Conclusion**

There have been a number of changes to the LGPS over the past two years which have impacted on the scheme, increasing the governance arrangements and the numbers of Members in the scheme. These have improved cash flow to the scheme but have also increased the costs to the council.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact: Carolyn Beech email: [cbeech@westminster.gov.uk](mailto:cbeech@westminster.gov.uk)**