

Public Document Pack

NOTICE OF AUTHORITY MEETING

You are hereby summoned to a meeting of the South Yorkshire Pensions Authority to be held at the offices of the South Yorkshire Joint Secretariat on Thursday 14 June 2012 at 10.15 am (or at the later conclusion of the Annual meeting) for the purpose of transacting the business set out in the agenda.

M V Oades
Deputy Clerk and Monitoring Officer

Member Services Officer: Len Cooksey
Tel: 01226 772848 Email: lcCooksey@syjs.gov.uk

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Distribution

Councillors M Lawton (Chair), R Wraith (Vice-Chair), D Baker, E Butler, R Ford, K Goultly, B Lodge, C McGuinness, B Perrin, L Rooney, A Sangar and P Wootton

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SOUTH YORKSHIRE PENSIONS AUTHORITY

14 JUNE 2012 AT 10.15 AM AT THE OFFICES OF THE SOUTH YORKSHIRE JOINT SECRETARIAT, 18 REGENT STREET, BARNSELY

Agenda: Reports attached unless stated otherwise

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1	Loyal Service Awards Scheme	1 - 2
2	Apologies	
3	Announcements	
4	Urgent Items To determine whether there are any additional items of business which by reason of special circumstances the Chair is of the opinion should be considered at the meeting; the reason(s) for such urgency to be stated.	
5	Items to be considered in the absence of the public and press. To identify items where resolutions may be moved to exclude the public and press. (For items marked * the public and press may be excluded from the meeting).	
6	Declarations of Interest.	
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SOUTH YORKSHIRE PENSIONS AUTHORITY

14 June 2012

Report of the Clerk and Treasurer

LOYAL SERVICE AWARD SCHEME

1. Purpose of the Report

To advise Members that there are twelve officers who are eligible to receive loyalty awards this year.

2. Recommendation

Members are recommended to note the report.

3. Background Information

- 3.1 The Authority agreed last November to introduce a long-service award scheme for its employees having carefully considered the policies of neighbouring authorities.
- 3.2 It was agreed that all employees who have achieved twenty five years of continuous pension service (with the Authority or its predecessors), as at the first day of April each calendar year, would receive a certificate recognising their long service and be presented with £100 worth of retail vouchers.
- 3.3 Because this is the first year of operation there is an unusually high number of eligible employees, as at 1 April 2012, on this occasion. Twelve staff will be presented with their vouchers and citation today. All things being equal there will be one officer eligible next year and six in 2014.

4. Implications and risks

- 4.1 Financial: Budgetary provision has been made for these awards.
- 4.2 Legal: None
- 4.3 Diversity: The scheme applies to all staff equally.

4.4 Risk: None directly arising from this report.

W J Wilkinson
Clerk and Treasurer

Officer responsible: Stephanie Barker, Head of HR & Business Support
01226 772858; sbarker@syjs.gov.uk

Background papers used in the preparation of this report are available for inspection at the offices of the Authority in Barnsley.

Other sources and references: None

SOUTH YORKSHIRE PENSIONS AUTHORITY

12 APRIL 2012

PRESENT: Councillor M Lawton (Chair)
Councillor R Wraith (Vice-Chair)
Councillors; D Barker, A Sangar, T Hussain, B Ford, K Goult, B Perrin and P Wootton

Trade Unions: G Boyington (Unison) and G Warwick (GMB)

Officers: G Chapman (Head of Pensions Administration), J Hattersley (Fund Director), B Wilkinson (Clerk & Treasurer), M Oades (Solicitor & Monitoring Officer) and M McCoole (Senior Member Services Officer)

Apologies for absence were received from Councillors D Baker, E Butler and B Johnson

1 APOLOGIES

Apologies were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS

None.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS.

None.

5 DECLARATIONS OF INTEREST.

None.

6 MINUTES OF THE MEETING OF THE AUTHORITY HELD ON 16 FEBRUARY 2012

Councillor Wraith referred to the Additional Voluntary Contribution report. Councillor Wraith commented that the report had been very well received, and gave his thanks to all involved.

In response to a question from Members G Chapman stated that the potential sale of in-house developed pensions systems to another LGPS administering authority was progressing well, although a definite decision was still awaited.

RESOLVED – That the minutes of the meeting of the Authority held on 16 February 2012 be agreed and signed by the Chair as a correct record.

7 MINUTES OF THE CORPORATE PLANNING AND GOVERNANCE BOARD HELD ON 2 FEBRUARY 2012

RESOLVED – That the minutes of the Corporate Planning and Governance Board held on 2 February 2012 be received.

8 MINUTES OF THE CORPORATE PLANNING AND GOVERNANCE BOARD HELD ON 7 MARCH 2012

RESOLVED – That the minutes of the Corporate Planning and Governance Board held on 7 March 2012 be received.

9 WORK PROGRAMME

The Authority noted its current work programme; and noted that the Annual General Meeting would be held on 14 June 2012.

RESOLVED – That the contents of the report now submitted be noted.

10 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Councillor Wootton commented that Section 41 briefings were very beneficial, and could be used in Council meetings.

Councillor Lawton gave thanks to officers for the Section 41 briefing, which was circulated to all Section 41 Members.

11 PENSIONS ADVISORY PANEL ANNUAL REVIEW

A report of the Clerk and Treasurer was submitted, which gave a review of the Pensions Advisory Panel meetings that took place during 2011/12.

The Pensions Advisory Panel comprises of six regional Trades Union representatives and six pensioner/deferred member representatives, and had met four times during 2011/12. An induction meeting was held for the majority of group members in May 2011, with catch-up events for those who could not attend. Roger Mossman (Unison) had retired during the year. The deferred member position was filled by Diane Stevenson from 1 November 2011. All meetings of the Panel were attended by the Chair and Vice Chair of the Authority.

Members noted that the Panel had been running for just over a year.

G Chapman commented that the Panel would next meet on 17 April 2012.

G Boyington commented that the meetings were useful, and the issues raised may not have been raised elsewhere.

RESOLVED – That the contents of the report be noted.

12 AMENDMENTS TO PROCEDURAL AND CONTRACT STANDING ORDERS

A report of the Clerk and Treasurer was submitted, proposing amendments to the Authority's Procedural and Contract Standing Orders. These were to update officer titles to reflect new management arrangements approved by the Authority in 2011; to provide additional support at Deputy level to the Clerk and Treasurer; to improve the tender handling process; and to take account of legislative changes.

RESOLVED – That the Authority's Procedural and Contract Standing Orders be amended as outlined in the report.

13 LGPS REFORM PROPOSALS UPDATE

G Chapman gave a verbal report on the LGPS Reform Proposals Update. Members noted that the big ticket items were passed over to Government on 13 February 2012; letters had been exchanged to seek clarification on a number of points, and negotiations were progressing to timetable. The timetable was expected to be a public announcement towards the end of April 2012.

G Chapman commented that he would be attending a national meeting in London on 9 May 2012, to discuss the proposals put forward. At a previous meeting he had attended in February 2012, the negotiators from the employers' side had said there would be an internal consultation amongst senior employers and union officials in early April 2012, leading to the announcement at the end of the month. It was hoped that there would be a more detailed update to present the next meeting of the Authority.

RESOLVED – That the verbal report be received.

14 NEXT MEETINGS OF THE AUTHORITY AND BOARDS IN 2012/13

A report of the Clerk and Treasurer was submitted to consider the date for the next Authority and Board Meetings during 2012/13.

B Wilkinson commented that the meeting structure of the Authority and Boards was currently under review, and therefore it was not possible to produce a full cycle of meetings for 2012/13.

M Oades commented that the proposed meeting of the Pensions Advisory Panel on 2 October 2012 clashed with another meeting, and a revised date would be established with the Chair and Vice Chair of the Authority.

A brief discussion then took place on the aims of the review of the meeting structure, which was essentially to rebalance the work of the Authority and the two Boards.

RESOLVED – That:-

i) The Authority approved the following meeting dates:-

Corporate Planning and Governance Board	21 June 2012
Investment Board	20 September 2012
Pensions Authority	11 October 2012

- ii) The revised date for the Pensions Advisory Panel scheduled on 2 October 2012, to be established with the Chair and Vice Chair of the Authority.
- iii) A report setting out future options for the Authority's governance structure would be submitted to the June 2012 meeting.

CHAIR

SOUTH YORKSHIRE PENSIONS AUTHORITY

CORPORATE PLANNING AND GOVERNANCE BOARD

17 MAY 2012

PRESENT: Councillor R Wraith (Chair)
Councillors: D Baker, E Butler and P Wootton

Officers: G Chapman (Head of Pensions Administration),
L Cooksey (Member Services Manager), J Hattersley (Fund
Director), M Oades (Deputy Clerk & Monitoring Officer),
B Wilkinson (Clerk & Treasurer), M Wilkinson (Internal Audit
Manager) and R Winter (Head of Internal Audit)

G Boyington (Unison) and G Warwick (GMB)

J Prentice (Audit Commission)

Councillor M Lawton (Observer)

Apologies for absence were received from Councillor D Barker,
Councillor B Ford and L Wild (Audit Commission)

1 APOLOGIES

Apologies were noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS.

None.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS.

RESOLVED – That agenda item 19 “Treasury Management: Update” be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING HELD ON 7 MARCH 2012

RESOLVED – That the minutes of the meeting of the Board held on 7 March 2012 be agreed and signed by the Chair as a correct record.

7 WORK PROGRAMME

RESOLVED – That the Work Programme now submitted be noted.

8 BUDGET MONITORING

A report of the Clerk and Treasurer was submitted advising Members of the current expenditure levels within the Authority against the approved budget. The report informed Members of the position of the Authority relative to budgets and gave details of areas where they may be significant over or underspends.

The Board noted that in November 2011 the Authority had approved a revised budget for 2011/12 of £5,176,000 to maintain current levels of service.

The report showed the expenditure heads in the way that they were presented to the Authority when determining the budget in November and reporting the final outturn in July.

The Board noted the expenditure to 31 March 2012. The final expenditure could not be confirmed until the 2011/12 annual accounts were finalised. The values given were as at 30th April 2012. Final Outturn reports would be produced as normal once final accounting was complete.

The Clerk and Treasurer reminded the Board that a schedule showing the major variations was attached to the report. The Board noted that the overall budget was underspent as at 31 March 2012 however, taken as a whole, spending was within 5% of budget for both Administration and Investments. Full details of variations would be presented at the Authority's July 2012 Corporate Planning and Governance Board meeting.

RESOLVED – That the report be noted.

9 QUARTERLY PERFORMANCE FRAMEWORK REPORT 2011/12

This report was a streamlined version of the framework report which was intended to provide a snapshot of the results of key performance areas linked to the corporate objectives. As this was the first issue of a report of this type, Members were asked to comment on the suitability of the report and any additional performance indicators they may wish to see. The period covered by the report was Quarter 3 2011/12. The Board noted the following headline figures:

Pensions Administration

- 99.8% of transactions and enquiries completed within target time, against a target of 97%.

Investments

- The Fund value increased from £4196.3m (previous quarter) to £4449m.

The Chair informed the meeting that he was pleased to see that the Service had gained and retained external recognition through quality standard awards such as the Charter Mark and Customer Service Excellence.

RESOLVED - That the report be noted.

10 RISK REGISTER

A report of the Clerk and Treasurer was submitted presenting the Authority's Risk Register to the Board for consideration.

The Board noted that the Risk Register was last reviewed at its meeting in February 2012. The Board noted that there had been no significant changes made to the Risk Register.

RESOLVED – That the report be noted.

11 INTERNAL AUDIT PROGRESS REPORT

A report of the Head of Internal Audit was submitted which allowed the Board to consider the work completed by the Internal Audit Team during the final quarter of the 2011/12 financial year and the outstanding recommendations as at 31st March 2012 from the reports issued prior to September 2011.

RESOLVED – That the report be noted.

12 INTERNAL AUDIT ANNUAL REPORT 2011/12

A report of the Head of Internal Audit was submitted which presented the Internal Audit Annual report for consideration by the Board. The Board noted that the report included:

- A summary of the actual position for the year against the plan.
- An outline of the work undertaken to review the financial control and other internal control arrangements.
- The opinion on the internal control framework that had been taken into account in preparing the Annual Governance Statement for 2011/12 (which was on today's agenda).
- The Internal Audit Team's performance measures, including an acknowledgement of completion of the self-assessment of the Team's position in relation to the requirements of the CIPFA Code of Practice.

The Board acknowledged the difficult circumstances in which the Internal Audit Team had been operating in.

The Head of Internal Audit, R Winter, reported that on the basis of the systems reviewed and reported on during the year by the Team, there were no significant

control issues to be raised relating to 2011/12. It was considered that the Authority's overall financial and other controls environments were good. The Board noted however, that it was important that attention was given to the remaining National Fraud Initiatives report/matches as the 2012 exercise would commence in August/September 2012.

Issues brought forward into this year via an External Audit Action Plan related to resolving the accuracy of pay and contributions data within the four District Councils had in the main been completed or had been overtaken by events.

The Chair thanked the Head of Internal audit for the report, and commented that officers had worked very hard to ensure that the Team had been able to achieve so much.

Councillor Lawton queried whether Members could be confident that the reports which needed to be done were the ones which Internal Audit thought were the most serious? R Winter reminded the Board that officers were operating to a tight timescale as the Team were subject to quite exacting performance standards.

RESOLVED – That the report be noted.

13 AUDIT COMMISSION ANNUAL PLAN 2011/12

J Prentice presented the Board with the Audit Commission's Audit Plan for 2011/12.

The report set out the work which the Audit Commission proposed to undertake for the audit of financial statements and the value for money conclusion 2011/12.

RESOLVED – That the report be noted.

14 CORPORATE PLANNING AND GOVERNANCE BOARD - AUDIT UPDATE

The Committee considered the Audit Commission Annual Plan 2011/12. The plan set out the work for the 2011/12 audit. The plan was based on the Audit Commission's risk based approach to audit planning. The Chair acknowledged that the current arrangements had worked well.

RESOLVED – That the report be noted.

15 ANNUAL GOVERNANCE STATEMENT

A report of the Clerk and Treasurer was submitted which allowed the Board to consider the findings of the Authority's governance arrangements.

The Board noted that under the Accounts and Audit (England) Regulations ("the Audit Regulations") the Authority was required to conduct a review at least once a year of the effectiveness of its system of internal control and approve an Annual Governance Statement prepared in accordance with proper practices. The review must include a review of the effectiveness of internal audit.

Authorities were encouraged to undertake a review of their system on internal control as part of an annual review of the effectiveness of governance framework. The findings of the annual review must be considered by the Authority or a committee of the Authority. The Authority had delegated this function to the Corporate Planning and Governance Board.

Where the review identified significant governance issues, these must be included in the Annual Governance Statement together with the actions taken, or proposed to deal with these issues.

The Annual Governance Statement was published with the annual statement of accounts and related to the governance framework as it applied during the year covered by the accounts. Thus, in 2012 the Authority would publish an Annual Governance Statement which considered the governance arrangements in place in the year 1 April 2011 to 31 March 2012. The draft Annual Governance Statement for 2011-12 was attached at Appendix A to the report now considered.

RESOLVED – That the Board agree to:

- i) Note the findings of the annual review of the Authority's governance arrangements.
- ii) Note that the review had not identified any significant governance issues which should be included in the Annual Governance Statement 2011-12.
- iii) Approve the draft Annual Governance Statement attached at Appendix A of the report now considered.

16 ALTERNATIVE DATE FOR THE NEXT MEETING OF THE CORPORATE PLANNING AND GOVERNANCE BOARD

A report of the Clerk and Treasurer was submitted requesting the Board to change the date of the next meeting of the Corporate Planning and Governance Board from 21 June 2012 to 26 July 2012.

RESOLVED – That the Board agrees that its next meeting be held on 26 July 2012.

17 EMPLOYERS SLA AND OUTSTANDING WORKLOAD

A report of the Head of Pensions Administration was submitted which informed the Board of employers' performance and any known levels of outstanding workload.

Included within the report were:

- Tables showing the performance of the District Councils against their SLA targets together with a split between current and backlog work.
- An analysis of their performance including comparisons with each other, the previous quarter and the other employers of the Fund.
- The performance of all other employers.

- A workload summary for each local office.
- A summary of the status of contribution reconciliation for the District Councils.
- A summary of strategic guidance provided.

RESOLVED – That the report be noted and that the Board welcomes the steps to improve the data flows from the District Councils.

18 CONSULTATION PROGRAMME - ONLINE ANNUAL PENSIONS FORECAST SURVEY

A report of the Head of Pensions Administration was submitted which informed the Board of the results of a survey carried out amongst scheme members who received their 2011 Annual Pension Forecast online, with a view to testing the members overall experience.

The survey attracted a reasonable response and the vast majority said that they were happy with receiving an online survey. The provision of statements in this way had saved the Authority over £1400 in printing and postage costs and would be repeated in 2012.

RESOLVED – That the report be noted.

19 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED - That, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

20 TREASURY MANAGEMENT: UPDATE

A report of the Clerk and Treasurer was submitted which provided the Board with an update on the treasury management operations of the Authority.

RESOLVED – That the report be noted.

CHAIR

South Yorkshire Pensions Authority – cycle of future meetings

South Yorkshire Pensions Authority
Work Programme

South Yorkshire Pensions Authority – cycle of future meetings

Responsibilities	12 April 2012	14 June 2012		11 October 2012	November 2012
		AGM	Ordinary		
Strategic Overview of Business	Meeting Overview & Context		Meeting Overview & Context	Meeting Overview & Context	Meeting Overview & Context
	S41 feedback		S41 Feedback	S41 feedback	S41 feedback
Training & Development					
Board Scrutiny	Call-Ins		Call-Ins	Call – Ins	Call – Ins
				Annual Review of Risk Policy	
				CPGB Audit Committee Functions Annual Report	Risk Register Review
Review of Strategies	Pensions Advisory Panel Annual Review				Budgets and Revised Estimates
	Procedural Documents Update				
Business	LGPS Reform Proposals Update	Appointment of Chair and Vice Chair	LGPS Reform Proposals Update	LGPS Reform Proposals Update	LGPS Reform Proposals Update
	Meeting Cycle Dates	Membership of the Authority	Annual Report on Member Training & Dev. Strategy	Health & Safety Report SLI	
		Appointment of Boards and Committees	Framework Agreement	FoIA Annual Report	

South Yorkshire Pensions Authority – cycle of future meetings

	12 April 2012	14 June 2012		11 October 2012	November 2012
		AGM	Ordinary		
		Structure of Authority Meetings	Web Casting Report	FoIA Publication Scheme	
		Contract Standing Orders	Advisor Interviews		
		Questions in meetings of District Council	Loyalty Awards		

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LGPS 2014 - JOINT STATEMENT

NEW LGPS PROPOSALS RELEASED

The Local Government Association (LGA) and trade unions have today announced the outcome of their negotiations on new LGPS proposals (for England and Wales) to take effect from 1st April 2014.

These proposals will now be communicated to scheme members, employers, funds and other scheme interests. Unions will consult their members over these proposals and the LGA will consult employers. Government has confirmed that a favourable outcome of our consultations will enable them to move directly to a statutory consultation later in the Autumn to implement these proposals.

The main provisions of the proposed LGPS 2014 are as follows:

1	A Career Average Revalued Earnings (CARE) scheme using CPI as the revaluation factor (the current scheme is a final salary scheme).
2	The accrual rate would be 1/49th (the current scheme is 1/60 th).
3	There would be no normal scheme pension age, instead each member's Normal Pension Age (NPA) would be their State Pension Age (the current scheme has an NPA of 65).
4	Average member contributions to the scheme would be 6.5% (same as the current scheme) with the rate determined on actual pay (the current scheme determines part-time contribution rates on full time equivalent pay). While there would be no change to average member contributions, the lowest paid would pay the same or less and the highest paid would pay higher contributions on a more progressive scale after tax relief (see table below).
5	Members who have already or are considering opting out of the scheme could instead elect to pay half contributions for half the pension, while still retaining the full value of other benefits. This is known as the 50/50 option (the current scheme has no such flexible option).
6	For current scheme members, benefits for service prior to 1st April are protected , including remaining 'Rule of 85' protection. Protected past service continues to be based on final salary and current NPA.



Where scheme members are outsourced they will be able to **stay in the scheme** on first and subsequent transfers (currently this is a choice for the new employer).

All other terms remain as in the current scheme.

Full details of the above proposals will soon be published on the LGPS website (www.lgps.org.uk) and arrangements are being made for hard copies to be available. The LGA and unions will publish details of their own consultation arrangements.

Future scheme costs will be monitored and controlled to ensure stability and affordability of the LGPS. Further details on cost management and scheme governance will be released once the ongoing discussions in the next part of the LGPS 2014 project are complete.

Quotes

Sir Merrick Cockell – LGA Chairman said.....

“The LGA’s objective in this process has been to ensure that the LGPS continues to be sustainable into the future by developing a set of proposals that are affordable for employers and council taxpayers while being fair to members.

Our aim in reaching agreement on these proposals was to give employers the future cost stability they need. In my view employers can be confident that these proposals coupled with forthcoming cost control mechanisms meet that aim.

Along with the LGPS unions we shared the goal of encouraging existing members to stay within the scheme and new employees to join, these proposals are an example of us working together to achieve such shared goals.”

Heather Wakefield – UNISON National Secretary Local Government, Police and Justice Section said....

“The negotiations over LGPS 2014 have been long and tough and have taken place in a demanding political and economic climate. The process has shown that UNISON, the LGA and the other local government unions can work productively together in the best interests of LGPS members and potential members.

LGPS 2014 is a sustainable, defined benefit scheme, which is designed to protect existing members and be affordable for the low paid and part-time workers who are its majority. Under exacting circumstances, we have achieved the best possible outcome”

Brian Strutton – GMB National Secretary for Public Services said....



“GMB members in the local government pension scheme will be relieved that at long last the uncertainty is over and they are able to see the future proposals for their pension scheme. Jointly negotiated by employers and unions and ratified by government, I believe the proposals strike a fair balance between all the conflicting interests we have had to take into account.

Most importantly I believe the proposals lay the foundation for continued sustainability of the LGPS, which government’s original proposals would not have done. In reaching this deal there have had to be compromises that will affect individuals differently, that’s why, after a period of briefing and consultation, GMB will formally ballot members on this joint offer so that they can decide whether or not it is acceptable”.

Peter Allenson – Unite National Officer for Local Government said....

“Unite re-entered negotiations to ensure that we achieve the best outcome for LGPS members current and future within the terms of reference of the discussions This has been a real negotiation between the Trade Unions and employers and it is right that our members should now vote on whether to accept or reject the proposals”

Notes to editors

1. The background to the LGPS 2014 project “(which applies to the LGPS in England and Wales, but not Scotland or Northern Ireland) can be found on the LGPS website at <http://www.lgps.org.uk/lge/core/page.do?pageId=15431012>.
2. Proposed LGPS 2014 Contribution table.

Actual Pensionable Pay	Gross Contribution	Contribution After Tax Relief
Up to £13,500	5.5%	4.40%
£13,501 – £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 – £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%



3. LGPS key facts

- The LGPS is a funded scheme like private service defined benefit schemes and unlike the other public sector pension schemes.
- The LGPS is collectively the biggest pension fund in the UK and fourth largest in the world making it a major shareholder in business and the UK economy. Together the 89 LGPS funds in England and Wales hold some £145 billion in investments and assets, enough to pay benefits for over 20 years. More than four million people are members of the LGPS in England and Wales with some 1.6 million contributing members being affected by these changes
- The LGPS has a positive cash flow, with income from investments and contributions exceeding expenditure on benefits by almost £4 billion in 2010-11
- Members contribute an average of 6.5% of pay to the scheme with higher earners paying proportionately more currently up to 7.5%.
- The average employer contribution rate for current service is 13.9%. In the private sector the comparable employer contribution average is 17%.
- More than 5,000 employers participate in the LGPS, many of which are private sector companies and charities providing local public services. One in four members of the LGPS is employed outside of the public sector.
- 75% of local government employees participate in the LGPS, significantly higher than the average 34% participation rate in private sector schemes but well below the public sector average of 85%. In some local authorities half of the workforce already opts out of the LGPS.
- The average pension in payment from the LGPS is around £4,200 a year, for women the average is £2,800. The average UK occupational pension in payment is £8,740 a year.

31st March 2012

v 1.1



For an explanation of the terms underlined see the **LGPS 2014- Glossary**

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

LGPS 2014 - 'AT A GLANCE'

CHANGES APPLY FROM APRIL 2014

All pensions in payment or built up before April 2014 will be protected. If you are currently in receipt of a pension or have left with a deferred pension these changes do not affect you. If you are currently a contributing scheme member your pre April 2014 pension will still be based on final salary at retirement and the current Normal Pension Age.

MAIN PROVISIONS OF LGPS 2014

The table below shows the main provisions of the proposed new Local Government Pension Scheme (LGPS 2014) for membership from 1st April 2014 compared with those of the current scheme (LGPS 2008). These changes apply only in England and Wales (not Scotland or Northern Ireland). See the glossary for definition of terms in the table below.

	LGPS 2014			LGPS 2008		
Basis of Pension	Career Average Revalued Earnings (CARE)			Final Salary (FS)		
Accrual Rate	1/49 th			1/60 th		
Revaluation Rate	Consumer Price Index (CPI)			Based on final salary		
Pensionable Pay	Pay including non-contractual overtime and additional hours for part time staff			Pay excluding non-contractual overtime and non-pensionable additional hours		
Employee Contribution Rate – Average 6.5% in both LGPS 2008 and LGPS 2014	From	To	Gross Rate	From	To	Gross Rate
	Up to £13,500		5.5%	Up to £13,500		5.5%
	£13,501	£21,000	5.8%	£13,501	£15,800	5.8%
	£21,001	£34,000	6.5%	£15,801	£20,400	5.9%
	£34,001	£43,000	6.8%	£20,401	£34,000	6.5%
	£43,001	£60,000	8.5%	£34,001	£45,500	6.8%
	£60,001	£85,000	9.9%	£45,501	£85,300	7.2%
	£85,001	£100,000	10.5%	More than £85,300		7.5%
	£100,001	£150,000	11.4%			
	More than £150,000		12.5%			

LGPS 2014 – at a glance v 5.0 – 31st May 2012 © The LGPS 2014 Project



	LGPS 2014	LGPS 2008
Contribution Flexibility	Yes, members can pay 50% contributions for 50% of the pension benefit	No
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)	65
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x pensionable pay	3 x pensionable pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement	1/160 th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	<p>Tier 1 - immediate payment with service enhanced to Normal Pension Age</p> <p>Tier 2 - immediate payment of pension with 25% service enhancement to Normal Pension Age</p> <p>Tier 3 - temporary payment of pension for up to 3 years</p>	<p>Tier 1 - immediate payment with service enhanced to Normal Pension Age (65)</p> <p>Tier 2 - immediate payment of pension with 25% service enhancement to Normal Pension Age (65)</p> <p>Tier 3 - temporary payment of pension for up to 3 years</p>
Indexation of Pension in Payment	CPI	CPI (RPI for pre 2011 increases)
Vesting Period	2 years	3 months

FUTURE SCHEME COST MANAGEMENT

If the costs of the LGPS change beyond certain limits still to be agreed, there will be negotiations between unions, employers and government about how to meet those cost changes.

PENSION PROTECTION ON TRANSFER

LGPS members who are compulsorily transferred will be able to retain membership of the scheme.

LGPS 2014 – at a glance v 5.0 – 31st May 2012 © The LGPS 2014 Project



For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive.

LGPS 2014 - OVERVIEW

This overview sets out the main features of the proposed LGPS 2014 starting from 1st April 2014. This new scheme has resulted from the first phase (Workstream 1) of the LGPS 2014 project - a process of negotiation between the Local Government Association (LGA) and the local government unions in consultation with government.

The process is set out in the Project Initiation Document which can be found on the LGPS website (www.lgps.org.uk).

Underlined terms used throughout this and other LGPS 2014 documents are explained in the LGPS 2014 – Glossary.

THE PROPOSED CHANGES APPLY FROM APRIL 2014

All pensions in payment or built up before April 2014 will be fully protected. If you are currently in receipt of a pension or have left with a deferred pension these changes do not affect you. If you are currently a contributing scheme member your pre April 2014 pension will still be based on final salary at retirement, and current Normal Pension Age.

NEW SCHEME DESIGN PRINCIPLES

In December 2011 the following principles were agreed by employers, unions and government. They have guided the development of the proposed LGPS 2014 during Workstream 1 of the project: The full principles document can be found on the LGPS website at www.lgps.org.uk/lge/aio/15431141

PRINCIPLE 1

A single solution to both short and long term issues by the early introduction of the new scheme (regulations by April 2013 and implementation from April 2014) negating the need for scheme changes prior to April 2014.

PRINCIPLE 2

That the single solution be designed around options that will be worked on the basis of career average and can include zero increases in employee contributions for all or the vast majority of members provided overall financial constraints are met (recognising that such constraints may change subject to further negotiations with Treasury on meeting the costs of protections – Principle 7 - and that there will be no triple counting of recycled savings).

PRINCIPLE 3

That the new scheme incorporates some elements of choice designed to encourage both retention of existing membership and encourage new membership.

LGPS 2014 – Overview v 5.0 – 31st May 2012 © The LGPS 2014 Project



PRINCIPLE 4

That scheme costs are based on actual experience and the base numbers are provided by Government Actuary's Department (GAD) from the model fund data, can be independently verified and are supported by the Association of Consulting Actuaries (ACA).

PRINCIPLE 5

In order to encourage flexible retirement, the age at which benefits may be taken (the pension age) is to be any time between 55 and 75. Benefits are to be adjusted up or down relative to the proximity of the pension age to the Normal Pension Age (NPA) which is to be linked to State Pension Age (SPA) or age 65 whichever is later.

PRINCIPLE 6

That access to the scheme be provided for a broad range of employees who deliver public services through the continuation of current Admitted Body Status (ABS) arrangements.

PRINCIPLE 7

That the method of meeting the cost of protections (final salary and retirement age in the old scheme and the 10 year protection of pension and age into the new scheme), their value relative to other public sector schemes and their scope for recycling need to be confirmed by Treasury.

PRINCIPLE 8

That scheme cost efficiencies be realised through more effective procurement and provision of both administration and investment services.

PRINCIPLE 9

That the LGPS maintain its relative value in terms of benefits in relation to other public sector schemes.

PRINCIPLE 10

That the scheme design be subject to robust and independent equality impact assessment to ensure it meets all legislative equality requirements in both effect and intent.

FUTURE SCHEME MANAGEMENT PRINCIPLES

In the next phase of the project (Workstream 2) future cost management and scheme governance is being discussed based on Principles 11 to 17 as set out in the December 2011 document. This includes agreeing a method for managing the future costs of the LGPS within certain limits. There will also be discussions between unions, employers and government about how further improvements to scheme governance, including wider representation, can be achieved. Further information on this subject will be covered in future communications on Workstream 2 of the LGPS 2014 project.

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NEW SCHEME BENEFITS

The table below shows the main provisions of the proposed new Local Government Pension Scheme (LGPS 2014) for membership from 1st April 2014. Terms used in the table below are explained in the glossary where appropriate.

	LGPS 2014
Basis of Pension	Career Average Revalued Earnings (CARE)
Accrual Rate	1/49th
Revaluation Rate	Consumer Price Index (CPI)
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)
Contribution Flexibility	Members can opt to pay 50% contributions for 50% of the pension benefit
Death in Service Lump Sum	3 x pensionable pay
Definition of Pensionable Pay	Actual pensionable pay - to include non contractual overtime and additional hours for part time staff
Vesting Period	2 years

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LGPS 2014 contains some new features. All other benefits remain the same as in the current scheme - LGPS 2008.

Some of the new features - CARE and the link to State Pension Age - were set down by the government in November 2011 and are features of all 'new' public sector pension schemes. The government also replaced the Retail Price Index (RPI) with Consumer Price Index (CPI) indexation before negotiations began.

LGPS 2014 IS STILL A DEFINED BENEFIT SCHEME

LGPS 2014 is a CARE scheme (Career Average Revalued Earnings). Like the final salary LGPS 2008 it is a defined benefit scheme.

THE 50/50 OPTION

In line with Principle 3 above, LGPS 2014 contains an *option* for members to pay 50% of the contributions for a 50% pension whilst retaining the full value of other benefits of the scheme such as an ill health pension, 'death in service' and redundancy. This is intended to attract non-members on low pay to the scheme and retain members who suffer periods of financial difficulty.

CONTRIBUTIONS BASED ON ACTUAL PAY FOR PART-TIME STAFF

In LGPS 2014, all members will have contribution rates based on *actual* - not full time equivalent - pay which is not the case in the current scheme. This will mean that some part-time workers will pay lower contributions than in LGPS 2008.

NEW SCHEME CONTRIBUTIONS

The average member contribution to LGPS 2014 will remain at 6.5% as now. *In line with Principle 2, most members will pay the same or lower contributions than at present.*

The contribution bandings have been changed from the current ones in LGPS 2008. The new structure has been designed to take tax relief into account and to be more progressive. That means that most contribution bandings *after tax relief* increase with earnings - from 4.4% for those earning less than £13,500 to 6.88% for those earning over £150,000.

PROPOSED CONTRIBUTION BANDS AND RATES FOR APRIL 2014

Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief*
Up to £13,500	5.5%	4.40%
£13,501 - £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 - £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

*Please note that the net contribution rates stated are approximate and will depend on individual members' circumstances.

PROTECTION OF CURRENT BENEFITS

The new LGPS will start on 1st April 2014. Only pensionable service after that point will be in the new scheme, under the new LGPS 2014 rules.

Pensioner and deferred members will not see any change to their benefits. Members with service in the current final salary scheme will retain the link to final salary for all service before 1st April 2014 and the Normal Pension Age as under the current rules. Your final salary pension from the LGPS 1997 and LGPS 2008 will be calculated separately when you retire and be added to your pension from the LGPS 2014.

LGPS 2014 – Overview v 5.0 – 31st May 2012 © The LGPS 2014 Project



In addition, to ensure that no member within 10 years of age 65 as at 1st April 2012 is worse off, there will be an 'underpin'. This means that those members who would see a change in their pension age in that period will get a pension at least equal to that which they would have received in the current scheme.

Previously agreed protection will continue. This includes the retirement age provisions for remaining members with Rule of 85 benefits.

PENSION PROTECTION ON TRANSFER

It is proposed that the provisions of the current scheme are extended to ensure that all staff whose employment is compulsorily transferred will still be able to retain membership of the LGPS when transferred.

For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive

LGPS 2014 - PROTECTION

The new LGPS is proposed to start on 1st April 2014. All pensions in payment or built up before April 2014 will be protected. If you are currently in receipt of a pension or have left with a deferred pension these changes do not affect you. If you are currently a contributing scheme member your pre-April 2014 pension will still be based on your final salary at retirement and the current Normal Pension Age.

CALCULATION OF PROTECTED BENEFITS

When you take your pension, if you have service in the LGPS 1997 and the LGPS 2008 as well as the LGPS 2014, these will be calculated separately. Your LGPS 1997 and LGPS 2008 pension will be calculated on the basis of your final pensionable pay at the point of taking your pension (or leaving service) and added to your CARE pension from the 2014 scheme service. The automatic lump sum from your 1997 Scheme service would be added to any lump sum resulting from trading pension.

EXAMPLE 1

Aisha retires at her Normal Pension Age in 2017 with a total of 16 years' service. The first 7 years were in the 1997 Scheme, the second 6 years in the 2008 Scheme and the last 3 years in the new LGPS 2014. Her final pensionable pay figure is £15,320. Her CARE LGPS 2014 pension is £933.67 so her total benefits are:

LGPS 1997 benefits for 7 years service:	Pension [7/80 x15320]	£1,340.50
	Automatic Lump Sum [3 x7/80 x15320]	£4,021.50
LGPS 2008 benefits for 6 years service:	Pension [6/60 x15320]	£1,532.00
LGPS 2014 benefits for 3 years service:	CARE Pension	£933.67

So Aisha's total LGPS pension benefit (adding together the three pension amounts in the table above) is £3,806.17 plus an automatic lump sum of £4,021.50.

Aisha could increase the amount of benefit she takes as a lump sum by trading pension to a maximum of £17,748.40 which would leave her with an annual pension of £2,662.26 (assuming she has no other pension savings).

LGPS 2014 – Protection v 5.1 – 31st May 2012 © The LGPS 2014 Project



RULE OF 85 TRANSITIONAL PROTECTIONS

If you are an existing member covered by transitional protection following the removal of the Rule of 85, retiring before your Normal Pension Age will entail a slightly more complicated calculation of benefits as it did when the LGPS 2008 was introduced.

The 85 year rule is satisfied if your age at the date you draw your benefits and your scheme membership (each in whole years) add up to 85 or more.

If you are part-time, your membership counts towards the rule of 85 at its full calendar length. Not all membership may count towards working out whether you meet the 85 year rule. Working out how you are affected by the 85 year rule can be quite complex, but this should help you work out your general position.

- If you would not satisfy the 85 year rule by the time you are 65, then all your benefits are reduced if you choose to retire before 65. The reduction will be based on how many years before 65 you draw your benefits.
- If you will be age 60 or over by 31 March 2016 and choose to retire before age 65, then, provided you satisfy the 85 year rule when you start to draw your pension, the benefits you build up to 31 March 2016 will not be reduced.
- If you will be under age 60 by 31 March 2016 and choose to retire before age 65, then, provided you satisfy the 85 year rule when you start to draw your pension, the benefits you've built up to 31 March 2008 will not be reduced. Also, if you will be aged 60 between 1 April 2016 and 31 March 2020 and meet the 85 year rule by 31 March 2020, some or all of the benefits you build up between 1 April 2008 and 31 March 2020 will not have a full reduction.

EXAMPLE 2

Maria reaches age 62 on 31st March 2015 at which time she will have 23 years' service. As she is over 60 and meets the Rule of 85 before 1st April 2016, her whole pension is protected and will not be reduced for early payment. Her pension will be calculated in three parts. Firstly in respect of LGPS 1997, secondly in respect of the LGPS 2008 and thirdly in respect of the new scheme.

LGPS 1997 benefits for 16 years service:	Pension [16/80 x18000]	£3,600
	Automatic Lump Sum [3 x16/80 x18000]	£10,800
LGPS 2008 benefits for 6 years service:	Pension [6/60 x18000]	£1,800
LGPS 2014 benefits for 1 years service	CARE Pension	£367

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Maria’s total annual pension is £5,767 with an automatic lump sum of £10,800 (which can be increased by trading pension).

EXAMPLE 3

Eric will reach age 60 on 31st March 2018 when he will have 30 years’ service. His pension built up before 1st April 2008 will be paid unreduced, whereas his pension built up after this date will be partially reduced. His salary on retirement is £30,000.

The full level of reduction that would be applied to the post 31st March 2008 pension is 25%. However as Eric’s retirement date falls halfway into the period when protection is tapered off, these reduction factors only apply to one half of his benefits built up after 31st March 2008. So this part of his pension is reduced by 12.5%.

His pension will be calculated in three parts.

LGPS 1997 benefits for 20 years service:	Pension [20/80 x 30000]	£7,500
	Automatic Lump Sum [3 x20/80 x x30000]	£22,500
LGPS 2008 benefits for 6 years service:	Pension [6/60 x 30000] reduced by 12.5%	£2,625
LGPS 2014 benefits for 4 years service:	CARE Pension reduced by 12.5%	£2,143

Eric’s total pension is £12,268 with a lump sum of £22,500 (which can be increased by trading pension).

THE UNDERPIN

Specific protection - the ‘underpin’ - is proposed to apply to members who were within 10 years of age 65 in April 2012. Some of these members would see their Normal Pension Age increase due to movements in the State Pension Age. So for these members a calculation will be done on retirement at 65 to ensure they will get a pension at least equal to that which they would have received in the LGPS 2008



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For an explanation of the terms underlined see the LGPS 2014- Glossary

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LGPS 2014 – A CAREER AVERAGE PENSION

LGPS 2014 is proposed to be a career average scheme. You may also hear the terms 'CARE' or, to give its full title, 'Career Average Revalued Earnings'. When used in relation to the LGPS 2014, all these terms refer to the same method of calculating your pension as described below.

Before we start it is worth reminding you that this new method will only apply to your pension built up from 1st April 2014. All pension earned before that date will continue to be calculated using current scheme rules.

Final salary schemes generally offer a significantly better pension to some members (e.g. those whose pay is substantially increased in the run up to retirement) than to the average member. LGPS 2014 is fairer for the majority of members because it removes the potential for pensions to be disproportionately increased in these circumstances.

A DEFINED BENEFIT

Like the LGPS 2008 and the LGPS 1997 before it, the LGPS 2014 will still be a defined benefit scheme. Defined benefit pension schemes - including career average pensions - calculate pensions using a set formula. In the case of LGPS 2014 that formula is as follows:

$$\text{Pension} = \text{Membership} \times \text{Accrual Rate} \times \text{Pensionable Pay}$$

In a final salary scheme it is the pensionable pay at the end of the period of membership that is used in the calculation. With career average the pensionable pay for each year is used to calculate a pension for that year. Each year's pension is then revalued (i.e. increased) by inflation. Each year's revalued pension is then added together to arrive at the total pension. So the total pension builds up as follows:

Pension for year 1 x revaluation plus
Pension for year 2 x revaluation plus
Pension for year 3 x revaluation plus
And so on....until plus
Pension for final year

So let's look at each element in the above formula...

LGPS 2014 – CARE pension v 5.0 - 31st May 2012 © The LGPS 2014 Project



MEMBERSHIP

This is normally the amount of time you are contributing to the pension scheme and is also known as pensionable service. It is measured in days, although for the sake of simplicity the examples below assume whole years.

ACCRUAL RATE

The accrual rate is the proportion of pensionable pay that each year of membership adds to your pension. The rate is normally expressed as a fraction (although some schemes show it as a percentage). For the LGPS 2014 the accrual rate is 1/49th (or 2.04% if expressed as a percentage). This means that for each year of membership you will build up a pension of 1/49th of your pensionable pay for that year. You may see the terms 'accrue' or 'accrual' used. These just mean the amount of pension that has been built up for the year or in total.

PENSIONABLE PAY

Pensionable pay is the amount you earn for hours worked including non contractual overtime and, for part-timers, 'additional hours'. This is the amount you pay contributions on and the amount your benefits are based on

THE BASIC CALCULATION

To explain how your pension builds up and is revalued let's take one step at a time. We have already said that each year's pension is a fraction of that year's pensionable pay. The example below shows how that builds up over time to create the total pension.

EXAMPLE 1

Evelyn has a pensionable pay of £10,000 this year so will 'accrue' 1/49th of that pay towards her pension i.e. **£10,000 x 1/49 = £204.08**

If Evelyn was in membership for 5 years and there were no pay rises or inflation to take into account, her pension would build up as follows:

Year	Pensionable Pay	Pension
1	£10,000	£204.08
2	£10,000	£204.08
3	£10,000	£204.08
4	£10,000	£204.08
5	£10,000	£204.08
Total		£1,020.40 per year

However, pay does normally rise over time and there is inflation to consider, so we will see how revaluation is needed to ensure the pension does not lose its value.

REVALUATION

One of the most important features of LGPS 2014 is the way that your pension is revalued as it builds up. This is significant as there could be a period of 40 years or more between your first year's pension saving and your retirement date. Over this period of time the real value of the early years' pension will have been reduced by the effects of inflation.

To stop this, the LGPS 2014 will revalue each year's pension build up in line with inflation (CPI).

EXAMPLE 2

If Evelyn receives no pay rises but inflation is 3% each year, then her pension would be revalued as follows. The further in the past the pension is earned, the more multiples of 3% it is increased by. This results in an increased total pension when compared with Example 1:

Year	Pensionable Pay	Pension	Revalued Pension
1	£10,000	£204.08	£229.70
2	£10,000	£204.08	£223.01
3	£10,000	£204.08	£216.51
4	£10,000	£204.08	£210.20
5	£10,000	£204.08	£204.08
Total			£1,083.50 per year

You can see that compared with Example 1, the first 4 years of pension built up have been increased to take account of inflation. Year 1 has been increased by the most as it is furthest in the past and so its needs a greater increase to retain its value against inflation.

EXAMPLE 3

Finally, let us assume that Evelyn did receive pay rises in which case the pensionable pay for each year would increase before revaluation is applied. With inflation at 3% each year and a consistent pay increase of £500 per year, the calculation of her total pension would be as follows:

Year	Pensionable Pay	Pension	Revalued Pension
1	£10,000	£204.08	£229.70
2	£10,500	£214.29	£234.16
3	£11,000	£224.49	£238.16
4	£11,500	£234.69	£241.73
5	£12,000	£244.90	£244.90
Total			£1,188.65 per year

So in this example both increases in pensionable pay and inflation have been built into the calculation of Evelyn’s pension. Another way to represent the above pension build up would be to show the revaluation applied each year as follows:

Pensionable Pay	Revalued Pension				
	No revaluation	1 years revaluation	2 years revaluation	3 years revaluation	4 years revaluation
£10,000	£204.08	£210.20	£216.51	£223.01	Year 1 £229.70
£10,500	£214.29	£220.71	£227.34	Year 2 £234.16	
£11,000	£224.49	£231.22	Year 3 £238.16		
£11,500	£234.69	Year 4 £241.73			
£12,000	Year 5 £244.90				

As you can see the first year’s pension gets 4 years of revaluation, the second gets 3 years and so on until the final year which needs no revaluation. Adding all these years together gives us Evelyn’s total annual pension of £1,188.65

CAREER AVERAGE VERSUS FINAL SALARY

For a significant proportion of members the LGPS 2014 will produce a better pension than they would have got under a continued final salary scheme. Final salary suits some career patterns, usually those with a structured promotional scale. Career average is a better fit for those whose opportunity for promotion is limited. Individual circumstances differ but there is nothing automatically worse about career average schemes. In fact the improved accrual rate in the LGPS 2014 could mean many members build up better pensions.

TAX FREE CASH LUMP SUM

You can trade some of your annual pension for a cash lump sum on retirement. For every £1 of annual pension given up you will get £12 of cash. Up to 25% of your LGPS benefits (including any Additional Voluntary Contributions but subject to some HMRC limits) can be traded in this way.

EXAMPLE 4

Evelyn’s total pension after 5 years is £1,188.65. Presuming this is her only pension saving (other than the state pension) she could take a maximum of £5,094.21 as a lump sum leaving her with an annual pension of £764.13.



For an explanation of the terms underlined see the **LGPS 2014- Glossary**

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LGPS 2014 - MEMBER CONTRIBUTIONS

The average member contribution to LGPS 2014 will be as it is now: 6.5%. The framework has been changed to ensure it reflects changes to the basis of contributions by:

- Basing part-time members' contributions rates on actual pensionable pay
- Moving to more progressive bands after tax relief.

This results in the following proposed framework;

Actual Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief
Up to £13,500	5.5%	4.40%
£13,501 - £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 - £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

The framework will be reviewed prior to implementation in 2014 to ensure the average member contribution is no higher than 6.5%, this means that the contribution rates in the LGPS 2014 may be slightly lower than those set out above. Please note that the net contribution rates stated are approximate and will depend on individual members' circumstances.

LGPS 2014 – Contributions v 5.0 - 31st May 2012 © The LGPS 2014 Project



EXAMPLES

Sarah is a teaching assistant earning £14,200 a year, so her gross contribution to the LGPS 2014 will be 5.8% (£68.63 a month). After tax relief her actual contribution will be around 4.64% (£54.90 a month).

Samir is a part time refuse collector earning £9,000 a year, so his gross contribution to the LGPS 2014 will be 5.5% (£41.25 a month). After tax relief his actual contribution will be around 4.4% (£33 a month).

Jimmy is a head of department earning £72,000 a year, so his gross contribution in the LGPS 2014 will be 9.9% (£594 a month). After tax relief, his actual contribution will be around 5.94% (£356.40 a month).

CURRENT BANDS AND RATES

The above framework compares with the current bands and rates as set out below:

Full Time Equivalent Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief*
Up to £13,500	5.5%	4.40%
£13,501 - £15,800	5.8%	4.64%
£15,801 - £20,400	5.9%	4.72%
£20,401 - £34,000	6.5%	5.20%
£34,001 - £45,000	6.8%	5.44%
£45,001 - £85,300	7.2%	4.32%
More than £85,300	7.5%	4.50% or 4.13%

*Please note that the net contribution rates stated are approximate and will depend on individual members' circumstances.

LGPS 2014 – contributions v 5.0 - 31st May 2012 © The LGPS 2014 Project



CONTRIBUTION FLEXIBILITY

Members will be able to 'buy' extra benefits in the LGPS 2014 as in the LGPS 2008 through the purchase of added pension.

Those wishing to contribute less can elect for the proposed 50/50 option in the LGPS 2014 and contribute half the contribution set out in the new schedule for half the pension benefit for the period (reflected in the 50/50 option's accrual rate of 1/98th) whilst still retaining the full value of other scheme benefits.

LGPS 2014 – contributions v 5.0 - 31st May 2012 © The LGPS 2014 Project



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For an explanation of the terms underlined see the LGPS 2014- Glossary

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LGPS 2014 - THE 50/50 OPTION

The proposed LGPS 2014 has an option that allows employees eligible for LGPS membership to elect to contribute less and receive less benefit in return instead of opting out of the scheme altogether. This option will require renewal after a limited time and is not designed to replace long term membership of the full scheme.

HOW 50/50 WORKS

This '50/50' option will enable members to pay half their normal rate of contribution and in return build up half pension during that period. They will still retain the full value of other benefits such as the death in service lump sum. Members would elect for the 50/50 option and from the next pay period their contributions would be halved. No further election would be required until either the member wishes to rejoin the main scheme or they are brought back into the main scheme under automatic enrolment provisions (see below).

EXAMPLE 1

Ellen is paying off a loan and is finding things difficult financially so she decides to opt for the 50/50 scheme for the remainder of the time she has left on the loan. Her pensionable pay is £15,000 a year and she would contribute 5.8% (£58 per month after tax relief is applied) in the main scheme. For the time she is in the 50/50 option she contributes half that amount: 2.9% (£29 per month after tax relief).

In return she builds up a pension with an accrual rate of 1/98th (in contrast with the main scheme accrual of 1/49th) so if she stays in the 50/50 section for 2 years she will build up an annual pension of £306. This amount will be added to Ellen's pension in the main scheme.

While she is saving in the 50/50 scheme she remains eligible for the full value of other benefits of the scheme for example her death in service lump sum would be £45,000 (3 times her pensionable pay).

	Main scheme	50/50 option
Net contribution	£58 per month	£29 per month
Pension build up before revaluation	1/49th = £306 per annum	1/98th = £153 per annum
Death in service lump sum	£45,000	£45,000

LGPS 2014 – 50/50 v 5.1 – 31st May 2012 © The LGPS 2014 Project



EXAMPLE 2

Roger's partner has been made redundant and they are facing a difficult time until work can be found. Roger decides to opt for the 50/50 scheme. 6 months later their finances are back to normal.

His pensionable pay is £55,000 a year so during the 6 months of 50/50 membership he has paid at a rate of 4.25% instead of 8.5%.

After tax relief this has reduced his contributions by a total of £701 during the period of 50/50 membership. The pension built up in that year has reduced from 1/49th of £55,000 for the whole year to 6 months at 1/49th and 6 months at 1/98th (from £1,122 to £842) whilst his death in service lump sum has remained at £165,000 throughout.

	Main scheme (6 months)	50/50 option (6 months)
Net contribution	£234 per month	£117 per month
Pension build up before revaluation	1/49th x 0.5 (6 months) = £561	1/98th x 0.5 (6 months) = £281
Death in service lump sum	£165,000	£165,000

50/50 AND AUTOMATIC ENROLMENT

The option is designed to provide a short term alternative to those considering opting out of the scheme. It will work in tandem with the forthcoming automatic enrolment provisions which will apply to all employers not just those who offer the LGPS. Members who have elected for the 50/50 option will be regularly automatically enrolled back into the main scheme in line with these provisions.

For more information on automatic enrolment please see www.direct.gov.uk/en/Pensionsandretirementplanning/DG_183783

LGPS 2014 – 50/50 v 5.1 – 31st May 2012 © The LGPS 2014 Project



For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive.

LGPS 2014 - RETIREMENT

NORMAL RETIREMENT

Normal retirement occurs at the age the scheme will pay your benefits without actuarial reduction or enhancement as of right – your Normal Pension Age (NPA). In the LGPS 2014 instead of your NPA being fixed at 65, it will instead match your individual State Pension Age (SPA), with a minimum of 65.

Protection for pension earned up to the start of the new scheme means that you will still be able to take any benefits relating to pre April 2014 service at 65. Also 'Rule of 85' protections, which some members have, will continue to apply.

NORMAL PENSION AGE

In the LGPS 2014 the Normal Pension Age for each member will be equal to their State Pension Age, but subject to a minimum of age 65. If you retire before your NPA your pension will be reduced for early payment. If you retire after your NPA your pension will be increased for late payment.

Your NPA will be whatever your SPA is at the time that you retire. This means that members of the Scheme will have different NPA's determined by their date of birth and SPA rules at the time of their retirement.

WHAT WILL MY STATE PENSION AGE BE?

SPA is being increased by the government. Dates have been set for increases in the SPA to 66 and to 67, and further increases are planned.

The Government has announced that it will speed up the pace of State Pension Age equalisation for women, so that women's State Pension Age will reach 65 by November 2018. The State Pension Age will then increase to 66 for both men and women from December 2018 to October 2020.

Under current legislation the State Pension Age is due to rise to 67 between 2034 and 2036 and to 68 between 2044 and 2046. However the government has announced plans to revise the legislation so that the date when the State Pension Age rises to 67 is between 2026 and 2028 and that rises above age 67 will be linked to increases in life expectancy.

In the future, if your SPA increases, all pension built up in the LGPS 2014 will only be payable unreduced at your new SPA.

LGPS 2014 – Retirement v 5.1 – 31st May 2012 © The LGPS 2014 Project



EARLY RETIREMENT

Your Normal Pension Age in the LGPS 2014 is the same as your individual State Pension Age, this is the age at which pension will be paid without actuarial reduction or enhancement. There are provisions to pay pension benefits early if a member leaves employment on the grounds of redundancy, efficiency or ill health but separate rules and regulations apply in these cases.

It is also possible to retire early and get an LGPS pension at any age on or after your 55th birthday but the pension will be reduced by a set amount depending on how many years before your Normal Pension Age you wish to retire.

The amount a pension could be reduced by for retiring early is laid out in the table below (part years are calculated on a pro rata basis). These factors are those currently in place however we would expect revised factors (including those for lump sums) reflecting later pension ages to be in place in time for the introduction of the 2014 scheme.

Years Until Normal Pension Age	% Reduction in Pension – Men	% Reduction in Pension - Women
1	6	5
2	11	11
3	16	15
4	20	20
5	25	24
6	29	27
7	32	31
8	36	34
9	39	37
10	42	40

EXAMPLE 1 – voluntary retirement 3 years early

Linda wants to retire at 62. Her State Pension Age and therefore her LGPS 2014 pension age is 65 so she will be retiring 3 years early. This means her pension would be reduced by 15%.

In cash terms this means that although her total annual pension would have been £4,125, as she is retiring 3 years before her Normal Pension Age (65) her annual pension is reduced to £3,506.

EXAMPLE 2 – voluntary retirement 5 years early

Steve works as a refuse operative and wants to retire at 61. His SPA and LGPS 2014 Normal Pension Age is 66. Although his total pension would have been £5,013, by retiring 5 years early this is reduced by 25% to £3,760.

LGPS 2014 – Retirement v 5.1 – 31st May 2012 © The LGPS 2014 Project



EXAMPLE 3 – different early retirement factors for women and men

Lewis and Wendy are both trading standards officers who coincidentally share a birth date. They both want to retire at 8 years early at 60 when their Normal Pension Ages are 68. Although both have an unreduced pension of £4,767, Lewis will see his pension reduced to £3,051 (a 36% reduction) whilst Wendy will receive a £3,146 pension (a 34% reduction) reflecting the different factors for men and women.

LATE RETIREMENT

Members who wish to work beyond their Normal Pension Age may do so. Pensions are enhanced for payment after pension age by 0.014% a day (5.1% per annum).

EXAMPLE 4 – working an extra 6 months

Lena is a town planner with a state and LGPS 2014 Normal Pension Age of 67. She decides to continue working for 6 months after her 67th birthday. Her pension of £8,000 will be enhanced for late retirement to £8,205 a year.

OTHER RETIREMENTS

The provisions for retiring on grounds of ill health, efficiency or redundancy are the same in the LGPS 2014 as they were in the LGPS 2008 except for ill health retirements. Enhancement of service to age 65 for Tier 1 ill health or enhancement for Tier 2 of 25% of service to 65, will be replaced by the same enhancement but based on the individual's Normal Pension Age rather than 65. If your State Pension Age is higher than 65 when you are retired on grounds of ill health, the enhancement will reflect that higher pension age.

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LGPS 2014 - Glossary

50/50 Option	The ability for contributing members of the LGPS 2014 scheme to pay half their employee contribution rate in return for half accrual rate
Accrual rate	The proportion of pensionable pay that each year of membership adds to your pension – effectively the speed at which your pension builds up
Actuarial reduction	The amount an LGPS pension is reduced if it is taken before an individual's Normal Pension Age
Actuarial enhancement	The amount an LGPS pension is increased if it is taken after an individual's normal pension age.
Added pension	As in the LGPS 2008, LGPS 2014 members will be able to purchase added pension in blocks of £250, payable at the appropriate pension age
CARE	Career Average of Revalued Earnings. An alternative type of defined benefit pension scheme to a final salary scheme
CPI	Consumer Prices Index. This is the current measure of inflation that the government has decided to use to ensure benefits from LGPS 1997, 2008 and 2014 keep pace with increases in the cost of living.
Deferred pension	Pension built up by members who leave before retirement
Defined benefit	An occupational pension scheme that determines how much pension you will get by reference to a set formula, rather than the performance of investments and cost of annuities
Final salary	A type of defined benefit pension scheme in which your pension is largely determined by your salary at retirement
Gross contribution rate	The percentage of pensionable pay which is deducted before any account is taken of tax relief on pension contributions
HMRC	Her Majesty's Revenue and Customs (formerly the Inland Revenue)
LGPS 1997	The Local Government Pension Scheme in operation prior to April 2008

LGPS 2014 – Glossary v 5.0 31st May 2012 © The LGPS 2014 Project



LGPS 2008	The Local Government Pension Scheme in operation from April 2008 to the present.
LGPS 2014	The Local Government Pension Scheme due to be introduced from April 2014
Net contribution rate	The percentage of pensionable pay which is deducted after account is taken of tax relief on pension contributions. The amount of tax relief will depend on the individual members' circumstances.
Normal Pension Age	The age at which the scheme will pay your benefits without actuarial reduction or enhancement, as of right
Pensionable pay	The pay used to calculate employee contributions and benefits
Pensionable service	The period of membership used to calculate benefits
Revaluation rate	The index by which pension built up each year is increased in order to retain its value
RPI	Retail Prices Index. This is the measure that was used prior to April 2011 for increases to pensions in payment and deferment. This has been replaced by CPI.
Rule of 85	A provision in the LGPS 1997 that enabled some members with long service who retire below 65 to have their pension unreduced. This has been phased out, but some members have protected service under the transitional protection arrangements made in 2006
State Pension Age	The age at which, based on your date of birth, your state pension becomes payable
Tax relief	Pension contributions are deducted from your earnings before tax. This is known as pension tax relief.
Trading pension	The ability for members to swap £1 of annual pension for £12 of cash lump sum up to a maximum allowed by HMRC
Vesting Period	The vesting period is the window of service when members can get a refund on their contributions if they leave the scheme instead of having a small deferred pension in the scheme until retirement

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Workstream 1	That part of the LGPS 2014 project which considers proposals for scheme design
Workstream 2	That part of the LGPS 2014 project which considers proposals for future scheme cost management and governance



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LGPS 2014 - FREQUENTLY ASKED QUESTIONS

THE BACKGROUND TO LGPS 2014

Why is another new scheme being introduced?

The Coalition government came to power with a clear agenda to change public sector pensions, including the LGPS. The government asked Lord Hutton to chair a commission on reform of public sector pension schemes.

Following publication of that report, changes were proposed to all the main public sector pension schemes, including the LGPS. In December 2011 the government agreed that the Local Government Association and main local government unions (Unison, GMB and Unite) could put forward a proposal for a new LGPS that met government objectives.

The other public sector schemes were announced in March, why is the LGPS different?

The LGPS is fundamentally different from the other public sector schemes. It is a 'funded' scheme, with around £145bn in assets that are invested in order to pay benefits. The other public sector schemes are funded differently through the Treasury. This means that changes applied to other public sector schemes will not apply in the same way to the LGPS.

There are other issues specific to the LGPS that needed direct attention within the negotiations, for example, more than one in four people eligible to save for their retirement through the LGPS opt out of the scheme. That is a loss to them and a loss of income to the scheme which the negotiators wanted to tackle.

When is the new scheme being introduced?

It is proposed that the new scheme (LGPS 2014) will apply to all service that builds up on and after 1st April 2014. It is intended that government Regulations will be in place early in 2013 following statutory consultation. This will enable those administering the scheme to make the required changes ahead of the start date.

Will my current benefits change?

All pensions in payment or built up before April 2014 will be protected. If you are currently in receipt of a pension or have left with a deferred pension these changes do not affect you. If you are currently a scheme member your pre April 2014 pension will still be based on final salary at retirement and your current Normal Pension Age.

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Are there likely to be further changes in the future?

The intention of unions and employers is to keep the cost of LGPS 2014 stable so that further fundamental changes are not needed. The agreement reached in December 2011 set out a two stage process to scheme reform. The first stage centred on benefit design. The second focuses on cost management and reform to the governance of the scheme including the involvement of employers, trade unions and members in the decision-making and running of the LGPS. That series of discussions is called 'Workstream 2' and has begun.

Where can I find out more about the LGPS reform process?

You can find out more on the LGPS website at www.lgps.org.uk

TYPE OF PENSION SCHEME

Will I still know what pension to expect when I retire under the LGPS 2014?

Yes, just like the LGPS 2008, the LGPS 2014 is a 'defined benefit' scheme. But instead of being a final salary scheme, the LGPS 2014 is a 'career average revalued earnings' scheme - also known as a CARE scheme. Both final salary and career average are types of defined benefit pension scheme.

What is a 'CARE' scheme?

'CARE' stands for Career Average Revalued Earnings. Your pension will build up as a proportion of your pensionable pay - 1/49th for each year in the LGPS 2014. So instead of calculating your pension with reference to your final salary on retirement, the LGPS 2014 uses the average of your annual earnings over your membership of the LGPS. Earlier years are revalued by inflation (CPI) to ensure that each year's salary is of equivalent 'real' value.

What's included in 'pensionable pay' for contributions and benefits in the LGPS 2014?

Both contributions to and benefits from the LGPS 2014 will be based on your actual pensionable pay. For part time workers this means that your pensionable pay will not be converted into a full time equivalent figure. The definition of pensionable pay in the new scheme will include non contractual overtime and additional hours worked by part time staff, these are parts of earnings currently excluded from the definition of pensionable pay in the LGPS 2008.

Is it true that career average schemes are always worse than final salary schemes?

For a significant proportion of members the LGPS 2014 will produce a better pension than they would have got under a continued final salary scheme. Final salary suits some career patterns, usually those with a structured promotional scale. Career average is a better fit for those whose opportunity for promotion is limited. Individual circumstances differ but there is nothing automatically worse about career average schemes. In fact the improved accrual rate in the LGPS 2014 could mean many members build up better pensions.

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MEMBER CONTRIBUTIONS

How much will I contribute when the new scheme starts?

Overall the average contribution from members will be 6.5% in the LGPS 2014, the same as in the LGPS 2008. However, the structure of member contributions is different. This reflects the use of actual rather than full time equivalent salary when determining the contribution rate and the impact that current pensions tax relief has on the real cost of contributing. The new contribution bands take tax relief and level of income into account and are more 'progressive', this means that contributions increase with earnings.

Actual Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief
Up to £13,500	5.5%	4.40%
£13,501 - £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 - £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

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Will my contributions go up?

The contribution rates for the majority of members will not increase and some members such as part-time staff may pay at a lower rate than now. Those in the top bands will see their rates increase as we move to a more progressive structure 'net of tax relief'.

What will my contributions be between now and April 2014?

In the current LGPS 2008, contribution bands are indexed to CPI. This means that the bands (not the contribution rates) can be expected to rise in April 2013 as they did in April 2012.

I can't afford to stay in the LGPS, is there any alternative to opting out?

Yes, there is a 50/50 option in the LGPS 2014. This means that you can pay half your contribution rate and build up half the benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover.

I work part-time. Will my contribution rate still be determined by reference to what I would have earned had I worked full-time?

No. Unlike in LGPS 2008, your contribution rate will be determined on the basis of your actual pensionable pay in the LGPS 2014. There will be no need to refer to a full or whole time equivalent salary for determining which contribution band you are assigned to.

What will my employer contribute to my pension?

The exact employer contribution is set every three years following an actuarial valuation. The next valuation is due in 2013 and this will set your employer's total contribution rate. The LGPS 2014 is based on a notional employer future service contribution of 13%. However, local factors and past service costs will also be included in the total employer rate. The employer contribution rate does not affect the benefits members receive.

Is it really worth being in the LGPS?

It is impossible to buy the same benefits – pension, ill health cover, death in service lump sum etc. – through any other arrangement. Tax relief means that the cost to you of participating is less than the headline contribution rate. Your employer will contribute around twice as much as you do to the scheme. You can not get hold of that money without participating in the scheme. Given the comparatively low level of state pension provision available, the real question to ask yourself is can you afford *not* to be in the LGPS?

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PENSION

How much pension will I get?

The amount of pension you get will depend on your pensionable pay and length of LGPS membership. For each year of membership in the LGPS 2014, your pension will build up at a rate of 1/49th of your annual pensionable pay. This will be revalued each year in line with CPI.

Members with pre-April 2014 service will have all the pension they have built up in each scheme (LGPS 1997, 2008 and 2014) added together to form their total LGPS pension. Membership in the LGPS 2014 will continue to be counted in days.

Am I going to have to work longer to get the same pension?

For the majority of people the better accrual rate, move to career average and new definition of pensionable pay will produce a higher pension than the LGPS 2008. The early retirement reduction factors will be set when the new scheme starts but it is likely that for many, the reduction for taking your LGPS2014 benefits at your current normal retirement age will be offset by the higher pension built up. All your pre April 2014 service will still be payable without reduction at your current Normal Pension Age.

Can I buy more pension?

Yes, as in the current scheme you will be able to pay extra to increase your pension either by paying additional contributions to buy an increased LGPS pension or by making payments to the LGPS's Additional Voluntary Contributions (AVC) arrangement.

I've got service in the 1997 scheme, the 2008 scheme and I'll now have service in the 2014 scheme. How will my pension be calculated?

Each period of your service will be calculated separately and added together. Your LGPS 1997 membership will be calculated on the basis of 1/80th of your final pensionable pay at leaving multiplied by your length of service in that scheme (plus a lump sum). Similarly, your LGPS 2008 service will be calculated on the basis of 1/60th of your final pensionable pay at leaving multiplied by your length of service in that scheme. Your LGPS 2014 pension will be calculated on the basis of a revalued annual pension build up of 1/49th of your pensionable pay in each year. Then those three amounts will be added together to form your total LGPS pension.

Will I get a lump sum?

If you were a member of the LGPS before 2008 you will have built up service in the LGPS 1997 which included an automatic lump sum. You will still receive this and can trade some of your pension from the LGPS 2008 and LGPS 2014 for a larger tax free lump sum - up to a maximum limit set by HMRC. Each £1 of your pension traded in buys £12 cash lump sum.

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I joined the LGPS when it was a final salary scheme. Will my pension now be recalculated as career average?

No, all the pension you build up before April 2014 will be linked to your final pay on retirement or leaving the scheme. Only pension built up after 1st April 2014 will be calculated on a career average basis.

RETIREMENT

When can I retire?

You will be able to voluntarily retire at any age on or after your 55th birthday. However, if you retire before or after your Normal Pension Age (State Pension Age in the LGPS 2014 – minimum 65) your pension will be reduced or increased. There is no compulsory retirement age in the LGPS.

If I retire before my State Pension Age, will my LGPS pension be reduced?

There will be a reduction to your pension from the LGPS 2014 if you retire before your state pension age. Providing you are at least 65 there will not be a reduction to your pension from the LGPS 1997 or the LGPS 2008.

If I retire after my State Pension Age, will my LGPS pension be increased?

Yes, your LGPS 2014 pension will be enhanced if you retire after your state pension age and your LGPS 1997 and LGPS 2008 pensions will be enhanced if you retire after 65. Currently pensions are enhanced for payment after pension age by 0.014% a day (5.1% a year).

How much will the reduction be if I don't retire at my State Pension Age?

The amount a pension could be reduced by for retiring early will be set out in factors to be determined in consultation with government. Indicative factors are shown below (part years are calculated on a pro rata basis). These factors are those currently in place however we would expect revised factors (including lump sum factors) reflecting later pension ages to be in place in time for the introduction of the LGPS 2014.

Years Until Normal Pension Age	% Reduction in Pension – Men	% Reduction in Pension - Women
1	6	5
2	11	11
3	16	15
4	20	20
5	25	24
6	29	27
7	32	31
8	36	34
9	39	37
10	42	40

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When can I take the pension I built up in the LGPS 2008 (or 1997)?

Your LGPS 1997 and LGPS 2008 pensions are payable unreduced when you reach 65 (unless Rule of 85 transitional protections apply). If you stay in work after this point whilst in receipt of these benefits you will not be able to build up any more service in the LGPS 2014 if you do not take your LGPS 2014 benefits at this time.

What happens if my State Pension Age changes again?

If/when your state pension age changes in the future, all your service built up in the LGPS 2014 (but not service in the LGPS 2008 or LGPS 1997) will then be payable without reduction or enhancement at your new pension age.

My State Pension Age is less than 65. Does that mean I can take my pension at that date without reduction?

No, there is a minimum age of 65 for taking LGPS 2014 pension without reduction, other than in cases of redundancy or ill health retirement.

I am purchasing added pension. When will that be payable?

Pension bought as a result of a contract entered into under the LGPS 2008 to purchase additional pension will be payable at age 65. Added pension under contracts entered into under the LGPS 2014 (i.e. on or after 1st April 2014) will be payable at your Normal Pension Age under the LGPS 2014.

OTHER SCHEME BENEFITS

What's the death in service lump sum in the LGPS 2014?

The lump sum death in service provision in the LGPS 2014 will continue to be 3 times pensionable pay which now will include non-contractual overtime and additional hours.

What's the ill health cover in the LGPS 2014?

The ill health retirement provisions will be the same as in the LGPS 2008 – with one difference. Enhancement of service to age 65 for Tier 1 or enhancement for Tier 2 of 25% of service to 65, will be replaced by the same enhancement but based on the individual's normal pension age rather than 65. If your State Pension Age is higher than 65 when you are retired on grounds of ill health, the enhancement will reflect that higher pension age.

What are survivor pensions in the LGPS 2014?

Long term survivor pensions will be the same as in LGPS 2008. For death in service this is 1/160th of pensionable pay for each year of membership and notional membership from date of death to your Normal Pension Age. The death in deferment and death in retirement provisions of up to five or ten years' balance of pension remain as in the LGPS 2008.

LGPS 2014 FAQ v 5.1 – 31st May 2012 © The LGPS 2014 Project



When can I access my LGPS 2014 pension if I'm made redundant?

Redundancy pensions from the LGPS 2014 will be payable to members aged between 55 and their Normal Pension Age without reduction for early payment.

The LGPS is too inflexible for me. Will the LGPS 2014 be any different?

There are 2 main differences between the LGPS 2014 and its predecessors that improve the flexibility of the scheme. First is the 50/50 option which enables people to contribute less and consequently get a lower pension (but the same ancillary benefits) for times when finances are tight. The second is an extension of the vesting period to 2 years from the current 3 months. This means that if you have very short service in the LGPS 2014 you will get a refund of contributions instead of having your money tied up in the pension scheme until your normal pension age.

PROTECTION

What happens to the pension I've built up in the LGPS 1997 and 2008?

Your pension is fully protected both in terms of being linked to your final pensionable pay and being payable without reduction at age 65.

Will I still qualify for Rule of 85 protection after 2014?

If you currently qualify for Rule of 85 protection then this will continue to apply. The transitional protection will start to taper in 2016 until phasing out in 2020.

In November the Chief Secretary to the Treasury said there would be 10 years protection. I'm within 10 years of retirement – do I get any protection?

An 'underpin' is proposed to apply to members who were within 10 years of Normal Pension Age in April 2012. Some of these members would see their pension age increase due to movements in the State Pension Age. So for these members a calculation will be done on retirement to ensure they will get a pension at least equal to that which they would have received in the current scheme.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

14th June 2012

Report of the Clerk and Treasurer

Framework Agreement

1. Purpose of the Report

To give advance notice of the intention to enter into a framework agreement for the procurement of a pensions administration computer system.

2. Recommendations

Members are recommended to note the contents of the report and approve the costs of joining the framework group.

3. Information

- 3.1 Members will recall that in the Revenue Estimates report approved by the Authority in November 2011 they were advised that the Authority's ageing pensions administration system would need to be replaced within the foreseeable future.
- 3.2 The present pensions administration system is a highly complex computer program which is at the heart of Fund administration activities. It is used to record all Scheme member data and it is used to calculate and pay benefits to Fund members. System data is also used by the Fund's actuary when setting the employer contribution rates both initially and at the triennial actuarial valuation.
- 3.3 There has been a long term relationship with the current system supplier that goes back over thirty-six years. For all but the last few of those years it has been possible to simply renew contracts every five years or so as there was no other company in the marketplace who produced a comparable system for the Local Government Pension Scheme. This has now changed with the emergence of a competitor system. In accordance with EU procurement directives the Authority now has no alternative but to enter into a formal tender for the purchase of a replacement for the ageing system.
- 3.4 The specification and tender for a pensions administration system is a complicated, expensive and time consuming process. However, through discussions via our network of officer contacts it is clear that a number of other local government pension funds are in exactly the same position and, therefore, there is an opportunity for collaborative working. A framework agreement would be beneficial to all funds.
- 3.5 A framework group representing ten local government pension funds is in the process of being finalised with the intention of entering into a full and open

tender during the remainder of this year. The framework group will be responsible for;

- **Project Management** - To drive the initiative forward and ensure agreed landmarks are met at appropriate times through to completion. Setting and monitoring deadlines for agreed inputs during the programme for individual group members.
- **Finance and Budgeting** - To capture all the costs for each group member, accounting for all activity from the outset to completion, in order to ensure each group member is fully costed and these costs are recovered via the framework arrangement if this is agreed. To monitor all costs for contracted external advice to be met equally by group member Authorities and within agreed budget levels. Produce any required accounting records to confirm the same.
- **Technical** - Knowledge of systems / Pensions Scheme Regulations/ Procurement law/ Contractual law etc in order to meet all overarching requirements for the process and ensure the specification fully meets the needs of group members.

Officers have indicated to the group that the Authority would be willing to assist it with technical knowledge of the Regulations and pensions systems leading to the preparation of the system specification.

- 3.6 Participation in the framework agreement will cost the Authority approximately £5000. This is a significant saving on what it would cost if the Authority acted it alone. Further reports will be issued requesting the approval to purchase a new system at the end of this process later in the year. For Members' information the estimated cost of a new system will be in the region of £150,000.

4. Implications

- **Financial** - Circa £5000
- **Legal** - EU Procurement Directives
- **Diversity** - None
- **Risk** - Removes risk of challenge to current annually renewed contract

**W J Wilkinson,
Clerk and Treasurer.**

Officer responsible:

Gary Chapman Head of Pensions Administration

Phone 01226 772954

E-mail: gchapman@sypa.org.uk

Background papers used in the preparation of this report are available for inspection in the Pensions Administration Unit.

SOUTH YORKSHIRE PENSIONS AUTHORITY

14 JUNE 2012

Report of the Clerk and Treasurer

MEMBER DEVELOPMENT

1. Purpose of the Report

To emphasise the importance of maintaining comprehensive and up to date learning and development programmes for all members of the Authority.

2. Recommendations

Members are asked to:

2.1 Approve the draft Learning and Development Strategy and request updates at future meetings.

2.2 Discuss the draft annual training plan and approve further development prior to implementation.

2.3 Nominate and appoint a Lead Member for Learning and Development.

2.4 Commit to a round of personal development reviews to be arranged with individual Members.

CONTENTS

Main Report

Appendix A Draft Member Learning and Development Strategy

Appendix B Draft Annual Training Plan

Appendix C Lead Member Role Profile

Appendix D Training Needs Analysis Questionnaire

3. Background Information

- 3.1 Previous reports to the Authority have identified the need for an effective training and development programme for Pensions Authority Members.
- 3.2 Continuous training and development is essential for every member of a public authority, and the introduction of more demanding governance requirements over the last 10 years has formalised the requirements. For Pensions Authorities, the need is accentuated because it is a very specialised area of local authority business, and involves responsibility for substantial levels of funds.
- 3.3 Shortfalls in member capacity and development are likely to attract adverse reports from external auditors and the Government under the new requirements.

4. Aims of a member development programme

- 4.1 Learning and development is a continuous process:-

- Induction training

New members of the Authority require initial training on the role of the Authority; how it is organised; the basics of the Local Government Pensions Scheme; and the mechanics of how the Fund manages its investments.

- Investment principles

All members need to undergo more specialised training on the principles of investment management, to satisfy the advisory requirements set by Myners etc. The Authority has normally used the Local Government Pensions Committee Scheme (details attached – Annex A).

- Specialised training

The investment world is continually developing, and members need to be aware of current thinking on issues such as performance monitoring, benchmarking, asset and liability modelling and specialised areas such as private equity, socially responsible investing, and hedge funds. This training can be achieved through attendance of individual members on courses or seminars, or the provision of in-house seminars.

- General update

Keeping all members up to date with what is happening on the LGPS, how the South Yorkshire Fund is performing, changes in legislation or regulations, and all the other developments in the Pensions and Investment world, can be covered by briefings, bulletins, Authority reports, circulation of journals and digests etc.

4.2 Training needs

Individual members' needs will vary according to their previous experience and the length of time that they have been a member of the Authority. A feature of the Authority's programme therefore is a personalised Training Need Analysis based on which a plan can be prepared for each member individually.

5. Current situation

- 5.1 The position is that some basic induction training needs to be completed for the most recently appointed members, and some existing Members need to complete the LGPS Fundamentals units.
- 5.2 Steps need to be taken also to complete Individual Training Needs Analysis for all members, so that where necessary, specialised training can be arranged.
- 5.3 Based on the completion of this work, the Authority will be in a more informed position to take a view on the level of attendance at external seminars and conference, the provision of in-house seminars, and the circulation of briefing and information material.
- 5.4 There is already a budget provision for training costs, which will meet most if not all of the costs. The ongoing information work is undertaken largely by staff of the Authority and the Joint Secretariat.

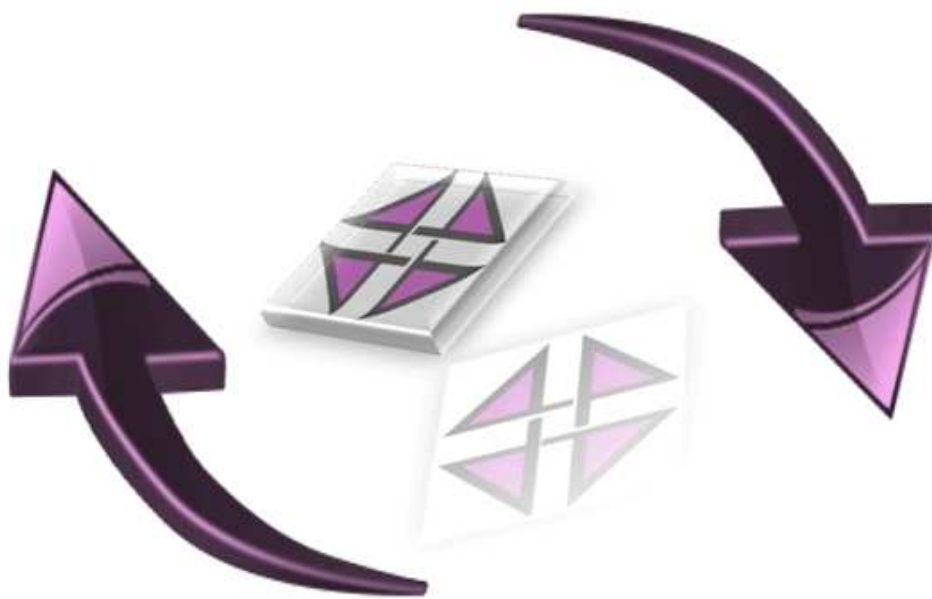
Background papers used in the preparation of this report are available for inspection at the South Yorkshire Joint Secretariat, Barnsley.

Other sources and references: None.

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South Yorkshire Pensions Authority



Member Learning and Development Strategy

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Foreword from the Chair South Yorkshire Pensions Authority

As Pensions Authority Members, our overriding responsibility is to act in the best interests of the present and future beneficiaries of the South Yorkshire Pension Scheme.

Members need to ensure the fund is managed in the most effective and efficient way so as to minimise the call on the public purse.

Members are not expected to be professional experts in investment matters. However, although we can delegate investment decisions and rely on investment advice, members still define the framework and objectives. For that reason we need to ensure that we are familiar enough with the issues concerned and understand what is being proposed by the advisers and officers, in order to discharge our duties with due care, skill and prudence.

In order to perform our role successfully we need to build on the skills we already have as elected Members, and the learning and development we receive from our own District Councils. We then need to enhance those skills by expanding our knowledge and understanding about the role of the Authority, keep up to date with industry developments and best practice, and listen to and act on professional advice so that we are able to carry out our governance role effectively. I believe there is much for us to learn.

This Strategy provides a framework for identifying the learning and development that Pension Authority Members need to carry out their role. It is flexible to allow for the fact that individual Members have different skills, experience and knowledge and can be tailored to suit Member needs and capacity.

I hope that you will embrace the learning and development programme to help the Pensions Authority to meet its objective of providing effective and transparent governance.

Martin Lawton

Chair SY Pensions Authority



1. Introduction

South Yorkshire Pensions Authority is committed to continuous improvement, innovation and value-for-money in the services it provides. The Joint Secretariat provides independent support, advice and guidance to Elected Members of the Pensions Authority to equip them with the necessary skills and knowledge to enable them to fulfil their role.

The purpose of the Learning and Development Strategy is to provide a framework for Members to access the support they need and enables the Authority to manage the risk of failing to meet its objectives if Members are not adequately trained and kept up to date on Pensions and Investment matters.

2. Reviewing the Strategy

It was felt timely to introduce the Strategy at the Annual General Meeting, to better reflect the approach to Member development which focuses on providing learning and development rather than formal training. The Strategy will be reviewed annually to keep pace with national and local change.

Significant changes for the LGPS will take effect from April 2014, and Members will need to be informed and kept up to date with the changes in advance of the implementation of the new scheme.

3. Corporate Strategy

The Member Learning and Development Strategy will be central to achieving the vision, values and strategic objectives. The full Corporate Strategy can be found on the SYJS website [here](#): ctrl and click to follow this link, or at: www.southyorks.gov.uk

4. Aims and Objectives

The overall **aim** of the Strategy is to provide clear direction and purpose in respect of learning and development in order to achieve:

- Well-equipped Members who are confident and able to carry out their roles effectively
- A consistent approach to Member learning and development
- Equality of opportunity

The **objectives** of the Strategy are given below. These will be delivered through a range of activities including improvements to the Member Induction process, courses, workshops, briefings, bulletins, mentoring etc.

- To establish an environment where Member learning and development is seen as an integral part of the governance role of Pensions Authority Members.
- To equip Members with the knowledge and skills necessary to deliver a high quality service that meets the six strategic objectives.
- To ensure all Members are provided with a level of learning and development appropriate to their roles and responsibilities on the Pensions Authority;
- To ensure learning and development is available to all Members irrespective of seniority, length of service and political affiliation;
- To enable Members to have a clearer understanding of their personal responsibility for continuous development and to facilitate this process.
- To provide learning and development in line with the commitment to equal opportunities.
- To improve the Authority in line with best practice for Member Learning and Development and contribute to the vision to be a Joint Authority which effectively demonstrates a commitment to excellence in everything it does.

5. Learning and Development

Member Induction

All new Members will be given a structured – and mandatory – induction programme to support them in developing their role and become an effective Member of the Pensions Authority. In the first six weeks following appointment Members will be provided with a thorough briefing on the following topics:

- Pension Investments
- LGPS Administration
- Corporate Governance Issues including anti-fraud & corruption & whistleblowing

Existing Members

An annual development discussion will be provided for Members on a one-to-one basis to identify requirements or to 'refresh' existing knowledge. Outcomes and benefits will be identified during this discussion and personal learning and

development records will be kept for all Members detailing courses, conferences and learning undertaken.

It is envisaged the development discussions will take place as soon after the AGM as possible to ensure any new Members are included in the process. Any knowledge, support or skills identified by existing Members in their previous 'one-to-one' will be re-prioritised to take account of the existing budget. Additional requirements will also inform the forecast for the following year.

Learning and development will fall into two categories – **Authority needs** (where more than one Member has identified the same requirement or where legislation or new initiatives necessitate a workshop session) and **individual needs**, e.g. role specific, personal or 'one-off' requirements.

Pension Advisory Panel Members will be invited to take part in all learning and development sessions that are delivered internally. For external training such as the 3 day LGPS fundamentals training, it is proposed that the Authority funds one place per year for an Advisory Panel Member to attend.

Criteria for categorising learning and development:

- Does the learning support our Strategic Objectives?
- Does it represent value for money in terms of the benefits and outcomes?
- Will the learning increase the capacity of Members to carry out specific roles e.g. chairing skills or leadership programmes?
- Can the learning and development be delivered internally e.g. one to one sessions, bulletins, fact sheets?

6. Delivery

Members' commitments and personal circumstances will be taken into account to provide equality of opportunity where possible.

A range of approaches will be deployed to deliver learning and developments listed below. Any external requirements will be commissioned by the Joint Secretariat.

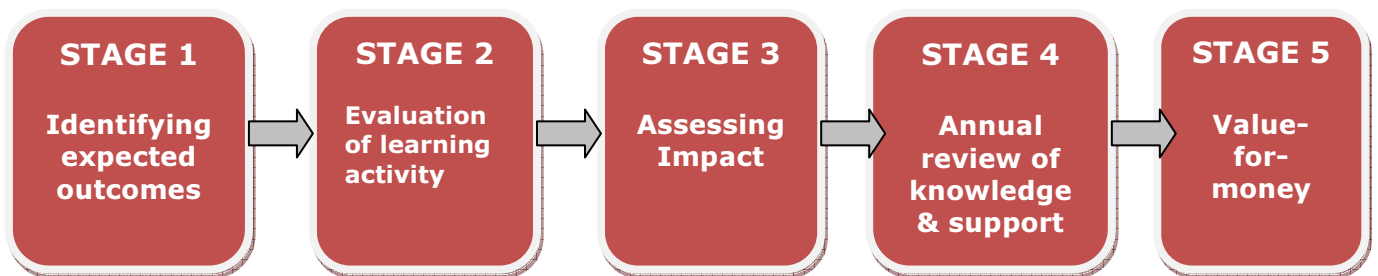
- Traditional – courses delivered by internal / external trainers
- Workshops
- Knowledge @lert concept – bulletins, briefings, newsletters, website.
- CDs / DVDs – a wide range are already available via Member Services at the Joint Secretariat.
- On-line Library.
- External conferences – through the normal process of selection.
- Informal mentoring / 'coaching' via an established Member of SYPA.

Wherever possible, and appropriate, SYPA will work in partnership with other joint authorities and local authorities to share learning and development and any associated costs.

7. Monitoring and Evaluation

A five-stage evaluation process is proposed to monitor the success of the Member learning and development Strategy. This process is intended to measure the benefits to:

- Elected Members.
- SYPA in meeting its priorities.
- SYPA Stakeholders



Stage 1 – Identifying expected outcomes

- Establish expected outcomes – what do Members want to achieve from taking part in courses, workshops? e.g. gain a new skill, improve knowledge on a particular subject.

Stage 2 – Evaluation of learning activity

- Immediate response to learning activity.
- How relevant was the learning activity to agreed outcomes?

Stage 3 – Assessing Impact

- Check whether outcomes been met via the annual Development Discussion.
- Feedback from others – trainers, other participants.
- Assess how attitude, knowledge or skill has improved and how this will be used / applied in the context of the SYPA.

Stage 4 – Annual review of learning and development

- Review learning and development activity and identify new requirements, e.g. Member request, new legislation, new expectations, roles etc.

Stage 5 – Value-for-money

- Assess money spent against learning outcomes and performance measures to demonstrate value-for-money.

8. Resourcing the Strategy

We realise that funding is extremely limited, as is Members' time. The learning and development Strategy is not about spending additional money; it's about improving the effectiveness of what we do. Any additional costs over and above that budgeted for will need to be justified. Our aim is to find ways of informing

Members and providing them with the necessary learning and development for minimal cost without compromising quality.

We will, therefore, ensure that all learning and development provided is targeted and carefully managed to maximise the benefits to both the Members and to the Authority.

9. Role of the Lead Member

The Lead Member role is a new concept that is being introduced as part of the revised Learning and Development Strategy.

The Lead Member role description has been developed and for completeness this is given below:

Lead Members should:

- Take the lead on behalf of the Authority for a particular subject area recognising that, on occasion, they should have the freedom to act in a scrutiny or questioning capacity.
- Be the initial point of contact for the Service or others wishing to discuss issues informally or sound out views.
- Be the spokesperson at Authority in respect of their particular area.
- Contribute to policy development locally and nationally as appropriate.
- Attend national or local meetings, seminars etc. in their area.
- Promote or represent the views and/or policies of the Authority in the public domain even if these are not their own views.
- Keep abreast of key developments and issues in their area.
- Receive briefings / information on their area as required from officers of the Service and/or Joint Secretariat.

Lead Members do not:-

- Have the power to commit the Authority to a course of action, or make a decision on its behalf.
- Have total accountability for their assigned area.

10. Further information

Further information on the Member Learning & Development Strategy can be obtained from:

Rhona Bywater, Principal Policy Officer

Tel:01226 772851

E-mail: rbywater@syjs.gov.uk

Or on the Pensions Authority website via: www.southyorks.gov.uk

SY Pensions Authority

Draft Learning and Development Programme 2012-13

This learning and development programme details a range of opportunities for elected Members to develop their skills and knowledge. It encompasses some key issues and topics that will build on existing experience.

It aims to mirror the work programme to support the decisions Members need to take at set points in the yearly cycle of meetings.

Whilst learning and development has been opened up to all Joint Authorities, this Programme brings together some key learning opportunities and a draft timetable.

The programme is designed to be flexible and can be adapted to take account of any additional learning needs and emerging issues.

 PENSIONS AUTHORITY

 ALL JOINT AUTHORITIES

Proposed Timescale	Event/Topic	Pensions	All Joint Authorities
Jan			
Feb	Treasury Management		
March	Data and Data Flows		
April	Equality and Diversity (in light of the Equality Act 2010)		
May	Financial Awareness / Introduction to Finance		
	Responsible investment and proxy voting		
June	Member Induction		
	Disputes and Complaints		
	What is an Actuarial valuation		
July	Audit and Risk Management (or Effective Audit Committees)		
	LGYP workshop Being an Effective Leader (including use of social media)		
August	Early retirement and ill health financing		
September	Asset and liability issues arising out of the new LGPS proposals		
October	LGPS Trustee Fundamentals		
November	LGPS Trustee Fundamentals		
	Preparing for the new LGPS – Introduction to proposed changes to the scheme		
December	Treasury Management		
	LGPS Trustee Fundamentals		
Ad Hoc throughout the year	<i>Breakfast Briefings – Various topics</i>		

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LEAD MEMBER ROLE

Lead Members should:-

- Take the lead on behalf of the Authority for a particular subject area recognising that, on occasion, they should have the freedom to act in a scrutiny or questioning capacity.
- Be the initial point of contact for the Service or others wishing to discuss issues informally or sound out views.
- Be the spokesperson at Authority in respect of their particular area.
- Contribute to policy development locally and nationally as appropriate.
- Attend national or local meetings, seminars etc. in their area.
- Promote or represent the views and/or policies of the Authority in the public domain even if these are not their own views.
- Keep abreast of key developments and issues in their area.
- Receive briefings / information on their area as required from officers of the Service and/or Joint Secretariat.

Lead Members do not:-

- Have the power to commit the Authority to a course of action, or make a decision on its behalf.
- Have total accountability for their assigned area.

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SYPA Members Learning and Development Questionnaire

Introduction

This questionnaire is designed to help you, and the South Yorkshire Joint Secretariat identify what information and training you may need to fulfil your role as a Pension's Authority Member.

The recent work on producing a Role Description for Pension's Authority Members highlighted that in many ways this role differs from other roles you may undertake as a local councillor. Members act as Trustees with an overriding responsibility to act in the best interests of the beneficiaries, even if this is sometimes at odds with their political roles and responsibilities.

Furthermore pension fund management is complex, and whilst Members are not expected to be professional experts in investment matters, a certain amount of technical knowledge and understanding is required to enable you to make informed judgements and decisions.

Completing the questionnaire

You should allow 30-45 minutes to complete this. However you may prefer to do this through a one to one discussion.

Please try to be honest, so we can provide the right briefings and training for you in future. Even if you are an experienced Member of the SYPA there are still likely to be some gaps, or areas you want to progress in.



What next?

We ask that you complete and return the questionnaire either via e-mail to rbywater@syjs.gov.uk or in the pre-paid envelope provided, by 31 August 2012

Following this a detailed analysis of the returned questionnaires will take place. Any gaps or areas for improvement identified within the Knowledge and Understanding section will be used to help develop the Authority's training and development strategy. It is hoped that any gaps or areas for improvement within the Skills section can be discussed with District Councils' Member training services, to identify the best method of providing training/development in those areas.



PERSONAL PROFILE

Name	
District Authority	
How long have you been a councillor?	
What are your other councillor responsibilities/roles?	
Other relevant experience in professional, business or community roles?	

What IT facilities and skills do you have? (e.g. internet access, use of email, Word and Excel software?)	
--	--

KNOWLEDGE AND UNDERSTANDING

Please indicate the level you think you are at using the scale below as a guide, and where appropriate use the comments column to indicate specific areas of knowledge you would like to build up (NB this could apply at any level, including level 4).

Scale

- | | |
|---|---|
| 1 | Unfamiliar/new to you |
| 2 | Some knowledge but partial/limited |
| 3 | Reasonably good level of knowledge and understanding |
| 4 | Confident, with an in-depth knowledge and understanding |

Knowledge and understanding	Level	Comments
<i>Background and who is who</i>		
The legal framework and design of the Local Government Pension Scheme		

The role and responsibilities of the Authority or as "quasi trustee"		
The role and responsibilities of SYPA Members		
Corporate governance and the Myners recommendations for pension fund trustees		
The roles and responsibilities of the Clerk & Treasurer, Head of Pensions Administration and the Fund Director		
Role of the South Yorkshire Joint Secretariat (SYJS)		
Role of Actuary		
The whole range of SYPA stakeholders (e.g. individual scheme members, local authority employers, other employers/admitted bodies and trade unions), and their different perspectives and needs		
Role of the Financial Services Authority (FSA)		



Technical understanding		
Asset classes and asset allocation		
Valuations and valuation monitoring		
Investment principles and management strategies		
Risk analysis		
Setting performance benchmarks		
Funding strategies and monitoring		



Skills

Many of these skills apply to being an effective Member generally, although being able to analyse information, think longer term and make objective decisions are particularly important on the SYPA. Communicating and influence too are important to build and maintain the right links with your authority and the other employers.

Again use the scale suggested below, and make good use of the comments column to tell us about specific issues for you.

- 1 Not very confident and /or inexperienced
- 2 Reasonably confident and/or experienced
- 3 Very confident and/or experienced

Skill	Level	Comments
Understanding and handling numerical and financial information		
Digesting written and oral information and grasping key issues		
Using and monitoring performance management information –e.g. benchmarks		
Thinking about the bigger picture (nationally and locally) and the longer term (10 years) issues for the SYPA		

Being clear about the top level Authority objectives and its priorities		
Making sure you get, and weigh up, the right advice		
Being decisive, based on an objective assessment of all the issues and risks		
Being able to ask pertinent questions and to challenge officers and advisers constructively		
Take the initiative to communicate with Members, officers, employers, unions etc.		
Keeping yourself up to date		

Your preferences

Everyone has preferred ways of taking in new information and developing skills. It would help us provide you with the right support if you could indicate your preferences. – please tick all those that apply to you:

Reading – briefing papers, reports and periodicals	
Electronically through email and website access	

One to one briefings and discussions	
Talks and verbal presentations	
Workshops and seminars	
Large conferences	

THANK YOU FOR COMPLETING THIS QUESTIONNAIRE



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SOUTH YORKSHIRE PENSIONS AUTHORITY

14 June 2012

Report of the Clerk and Treasurer

WEBCASTING

1. Purpose of the Report

To seek approval for a renewal of the webcasting contract for a further year.

2. Recommendations

Members are recommended to:

Approve a further year of webcasting

3. Background Information

The Authority has been part of a contract by all four South Yorkshire Joint Authorities for a webcasting service from the Public-i Group Ltd. It expires on 29 June 2012, unless the Authority chooses to extend it for a further year. All the authorities are discussing the extension at their meetings this month.

4. Cost

The cost of the third year of the webcasting contract for all the Joint Authorities is due to fall to £19,763.90. Whilst this is a fall of 10% for the optional year, the Pensions Authority share will rise by £600 reflecting small falls in use by the other authorities.

The contract now includes the cost of the Citizenscape platform. This has given viewers of the webcast player a number of integrated features. These are live chat (moderated) about what is being webcast; as well as news feeds, geographic and other information from the social web, polls and surveys, tag clouds (visually representing the most popular topics). The proportion paid by each Authority is based on the previous year's usage which for 2011/12 was:

South Yorkshire	Hours (%)	Projected 2012/13 (2011/12)
Pensions Authority	7 (10)	1,976 (1,362)
Police Authority	28.5 (40)	7,905 (10,934)
Fire Authority	16.25 (23)	4,524 (4,914)
Integrated Transport Authority	18.25 (27)	5,336 (5,572)

Additionally, the Authorities share the cost, pro-rata, of the broadband connection which in 2012/13 is expected to be £1,118 (a reduction of £200 on 2011/12).

5. Viewings

Since the Authority started webcasting its meetings there have been 5,893 viewings, mainly of the archive webcast, which is available 48 hours after the meeting. Across the Joint Authorities, 2007 (part) – to present, the viewings have been: Fire (20,224); Police (22,385); Transport (11,976).

There has been a step change in interest. Baroness Henig, president of the Association of Police Authorities, in a House of Lords debate last year said South Yorkshire Police Authority was using “best practice” with its webcasting service, and Police and Crime Commissioners would do well to do the same to meet their requirement for public meetings.

The Pensions Authority has had live viewings of 70 and archive viewings of more than 300. There has been positive feedback from members of the public, the press, partners and companies. There’s evidence now that the local press are viewing webcasts providing members with direct access to media.

There is still plenty of scope to promote the webcasts to scheme members, as the experience of the other Joint Authorities suggests. The first debate on the South Yorkshire Police Helicopter attracted viewings of more than 2,000 with even Force helicopter pilots around the country commending member debate. There were 138 live viewings of the debate on the role of PCSOs in April. In the Fire Service, the debate on service delivery proposals has attracted similar numbers.

6. Transparency

The Government has a programme which is aimed at increasing transparency in public decision-making. Webcasting was encouraged by the last, and current, governments, including a specific request to local authorities by CLG to allow videoing of meetings.

The Authority’s Code of Corporate Governance commits to engaging with customers and other stakeholders to ensure robust accountability. There is lots of potential to increase viewings via the social web. Webcasting is now supported by a pre and post production communications plan which ensures prospective viewers are made aware of the opportunity to watch and engage with the webcast.

Email alerts (see below) can be sent to scheme members with email addresses. Periodic use of the newsletters and pay slips will be employed to promote the webcasts.



LIVE WEBCAST
13 OCTOBER
10.00AM

[click here for webcast player](#)

Dear Pensions Authority Stakeholder

The next meeting of the South Yorkshire Pensions Authority will be webcast **LIVE** this Thursday morning

Items to be discussed include:

Changes to the Anti Fraud and Corruption Strategy - [Report](#)

**Corporate Planning and Governance Board – Audit Committee
Annual Report 2010/11 - [Report](#)**

Freedom of Information Requests – 2010/11 - [Report](#)

**OUR WEBCAST SERVICE IS INTERACTIVE,
YOU CAN DEBATE THE MEETING WITH
OTHER VIEWERS LIVE**



[Click here](#) for the full agenda and all reports

Follow South Yorkshire Pensions Authority on



To join the debate during live meetings include #SYPensions in your tweet

7. Conclusion

- 7.1 Webcasting is a useful adjunct to engaging scheme members in the business of the Authority. Their involvement can be increased at a marginal cost. Likewise the value for money of the physical meeting is increased by its availability online for 6 months after it has taken place.
- 7.2 Video, in particular, is direct, compelling and easy to use. It transcends problems of literacy and brings a directness and authenticity to communication which is essential to building trust in

the democratic process and engaging people in democracy.

- 7.3 Webcasting and the social technologies with which it can be associated do not present a “magic bullet” to solve the difficult issues of democratic engagement. However together they offer a cost effective process for authorities to make more inclusive decisions.
- 7.4 An ageing society and prolonged economic turbulence require an ongoing dialogue with stakeholders to help shape the Authority’s views and understand their preferences. This dialogue needs to be carried out openly and in places where it is possible for as many people as possible to participate.
- 7.5 The Joint Authorities have pioneered webcasting in South Yorkshire. The members of this Authority have supported its introduction at BMBC. Doncaster MBC has made provision for webcasting in their tender for a new council chamber. The Welsh Audit Office is using webcasting at the Joint Authorities as a case study in public engagement. Although numbers accessing webcasts are still small they represent increases of several hundred, sometimes thousand, percent over the numbers attending meetings in the past.
- 7.6 Webcasting represents a significant component of accessibility, accountability and transparency allowing citizens, at a time and a place that suits them, to watch members make decisions that affect South Yorkshire.

8. Implications and risks

- 8.1 The report has set out the possible financial and diversity implications.
- 8.2 There are no crime and disorder implications.
- 8.3 There is a low risk of legal action. This relates to the potential of defamatory statements by members of the Authority which are subsequently transmitted by webcast. However, the Authority has a policy to remove potentially defamatory statements from the archive copy of the webcast. The Authority’s insurers have also stated the current liability policies will provide an indemnity in respect of any claims arising out of the webcast transmissions of Authority meetings.

W J Wilkinson
Clerk and Treasurer

Officer responsible: Leon Kaplan
01226 772102; lkaplan@syjs.gov.uk

Background papers used in the preparation of this report are available for inspection at the offices of the Authority in Barnsley.

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

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