



Department for  
Communities and  
Local Government

# Local Government Pension Scheme Funds Wales 2013-14

- Local Government Pension Scheme expenditure on benefits in 2013-14 was £540 million, an increase of £39 million or 7.6% on the figure for 2012-13. Total expenditure was £624 million, some £32 million, or 5.5% more than in 2012-13.
- The overall Local Government Pension Scheme income in 2013-14 was £824 million, an increase of £67 million, or 8.7% when compared with the figure for 2012-13.
- In 2013-14, total expenditure accounted for 74% of the Local Government Pension Scheme income, down from 76% in 2012-13 and up from 58% in 2007-08.
- Expenditure on lump sums paid on retirement in 2013-14 was £87 million, an increase of £13 million or 17.6% on the figure for 2012-13.
- Costs charged to the funds increased by £11 million, or 25%, in 2013-14 to £571 million. This accounted for 8.7% of all expenditure, up from 7.4 % the previous year.
- Income from employees' contributions to the Local Government Pension Scheme in 2013-14 was £135 million, an increase of £3 million or 2.5% on 2012-13. Income from employers' contributions to the scheme also increased in the same period by £6 million or 1.2%.
- Income from investments increased by £16 million, or 9.8%, when compared with 2012-13.
- The market value of the funds at end of March 2014 was £11.8 billion. This represents an increase of 7% on March 2013 and an increase of 92% on March 2009.
- Following last year's small increase in the number of employees in the Local Government Pension Scheme, in 2013-14 the number of members of the LGPS increased by 10 thousand, or 7.7%.
- During 2013-14 the number of pensioners rose by 3 thousand to 85 thousand, an increase of 3.8% over the figure for the end of 2012-13.
- The number of people leaving the Local Government Pension Scheme in 2013-14 because of redundancy increased by 7.6% over the 2012-13 figure.

Local Government Finance  
*Statistical Release*

29 October 2014

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**Date of next publication:**  
Autumn 2015

# Introduction

This release provides information on Local Government Pension Scheme Funds in Wales that was gathered on the SF3(Pensions) 2013-14 forms that were submitted by all 8 Administering Authorities in Wales. The form collects information on Local Government Pension Funds' scheme income, expenditure, membership, retirements and other activities. It also shows other associated information for the financial year 2013-14 and changes over previous years.

The release has been compiled by the Local Government Finance - Analysis and Data division of Department for Communities and Local Government. For uses please see "Uses made of the data" section.

## Uses made of the data

The data in this statistical release are essential for a number of different purposes. A central and immediate purpose is to provide Ministers with information about the Local Government Pension Scheme. The data are also used by local authorities, their associations and regional bodies.

In addition, the data provides a benchmark on the administration and fund management of the Local Government Pension Scheme. The data are also used in compiling the National Accounts and to show the role of pension funds in the economy.

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: [sf3.statistics@communities.gsi.gov.uk](mailto:sf3.statistics@communities.gsi.gov.uk)

## Symbols and conventions

...	= not available
0	= zero or negligible
-	= not relevant
	= discontinuity
(R)	= revised since the last statistical release

### Rounding

Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent parts.

# 1. Expenditure: 2004-05 to 2013-14

**Table 1** and **Chart A** provide figures of the expenditure of the Local Government Pension Scheme in Wales from 2004-05 to 2013-14.

- Local Government Pension Scheme expenditure on benefits in 2013-14 was £540 million, an increase of £39 million or 7.6% on the figure for 2012-13. Total expenditure of £624 million was some £32 million, or 5.5% more than in 2012-13.
- In 2013-14, 86% of Local Government Pension Scheme expenditure in Wales was on benefits in the form of pensions and annuities or lump sums, for retired members and their dependants.
- Expenditure on lump sums paid on retirement in 2013-14 was £87 million, an increase of £13 million or 17.6% on the figure for 2012-13.
- Expenditure on pensions and annuities in 2013-14 was £417 million. This was an increase of £20 million on the figure for 2012-13, and is an increase of 5.0%.
- Costs charged to the funds increased by £11 million, or 25%, in 2013-14 to £55 million. This accounted for 8.7% of all expenditure, up from 7.4% the previous year.

**Table 1: Local Government Pension Scheme expenditure 2004-05 to 2013-14**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	<b>£ million</b>									
Total expenditure on benefits	275	288	327	345	381	416	460	492	501	540
<i>of which:</i>										
Pensions or annuities	238	250	264	280	299	321	338	366	397	417
Lump sums paid on retirement <sup>(a)</sup>	33	33	58	60	65	68	81	91	74	87
Lump sums paid on death <sup>(b)</sup>	4	4	5	5	9	8	10	11	11	13
Optional lump sum <sup>(c)</sup>	-	-	-	-	8	19	31	23	20	23
Other benefits	0	0	0	0	0	0	0	0	0	0
Disposal of Liabilities	38	49	46	33	19	64	34	63	47	29
<i>of which:</i>										
Transfer values	36	49	45	33	19	64	34	63	46	29
Pensions Act premiums	1	0	0	0	0	0	0	0	0	0
Refunds of contributions <sup>(d)</sup>	2	1	0	0	0	0	0	0	0	0
Costs charged to the funds	18	21	24	31	28	33	37	37	44	55
<i>of which:</i>										
Fund Management costs	12	14	17	23	20	25	28	28	35	45
Administration costs	6	7	7	8	7	8	9	9	9	10
Other expenditure	0	0	0	0	0	0	0	0	0	1
<b>Total expenditure</b>	<b>332</b>	<b>358</b>	<b>397</b>	<b>409</b>	<b>428</b>	<b>513</b>	<b>531</b>	<b>592</b>	<b>592</b>	<b>624</b>

Source: SF3 forms

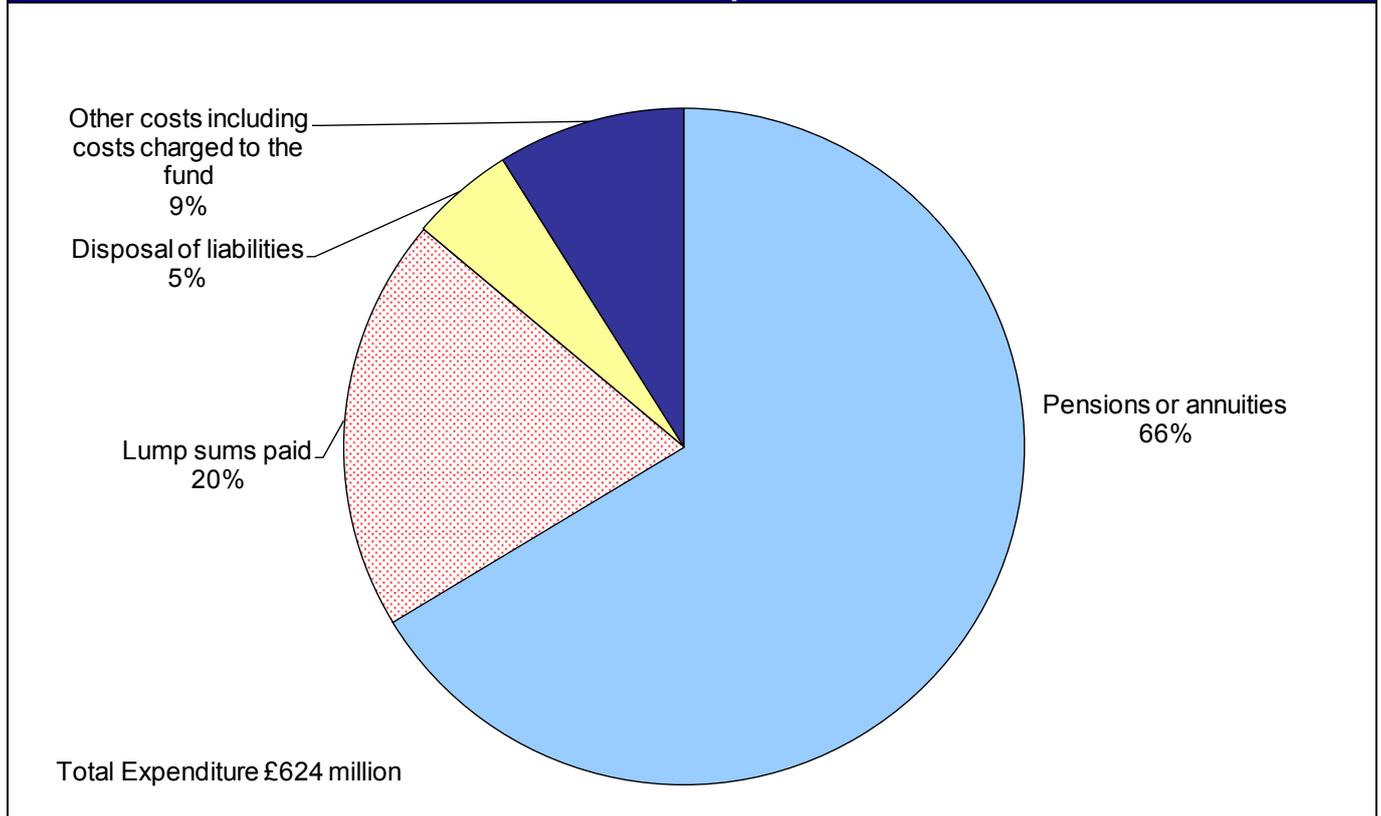
(a) The rules governing the payment of lump sums on retirement changed in 2006-07. They now allow beneficiaries to take more of their pension as a lump sum and less as a continuing pension.

(b) The rules changed from 1 April 2008. Prior to this date death benefit was twice salary, after this date it is three times salary.

(c) This was introduced in April 2008

(d) The rules changed as 1 April 2008. See *Terminology used in this release* for further details

**Chart A: Local Government Pension Scheme expenditure in 2013-14**



## 2. Income: 2004-05 to 2013-14

**Table 2** and **Charts B & C** provide figures of the income to the Local Government Pension Scheme and the market value of the Local Government Pension Scheme from 2004-05 to 2013-14.

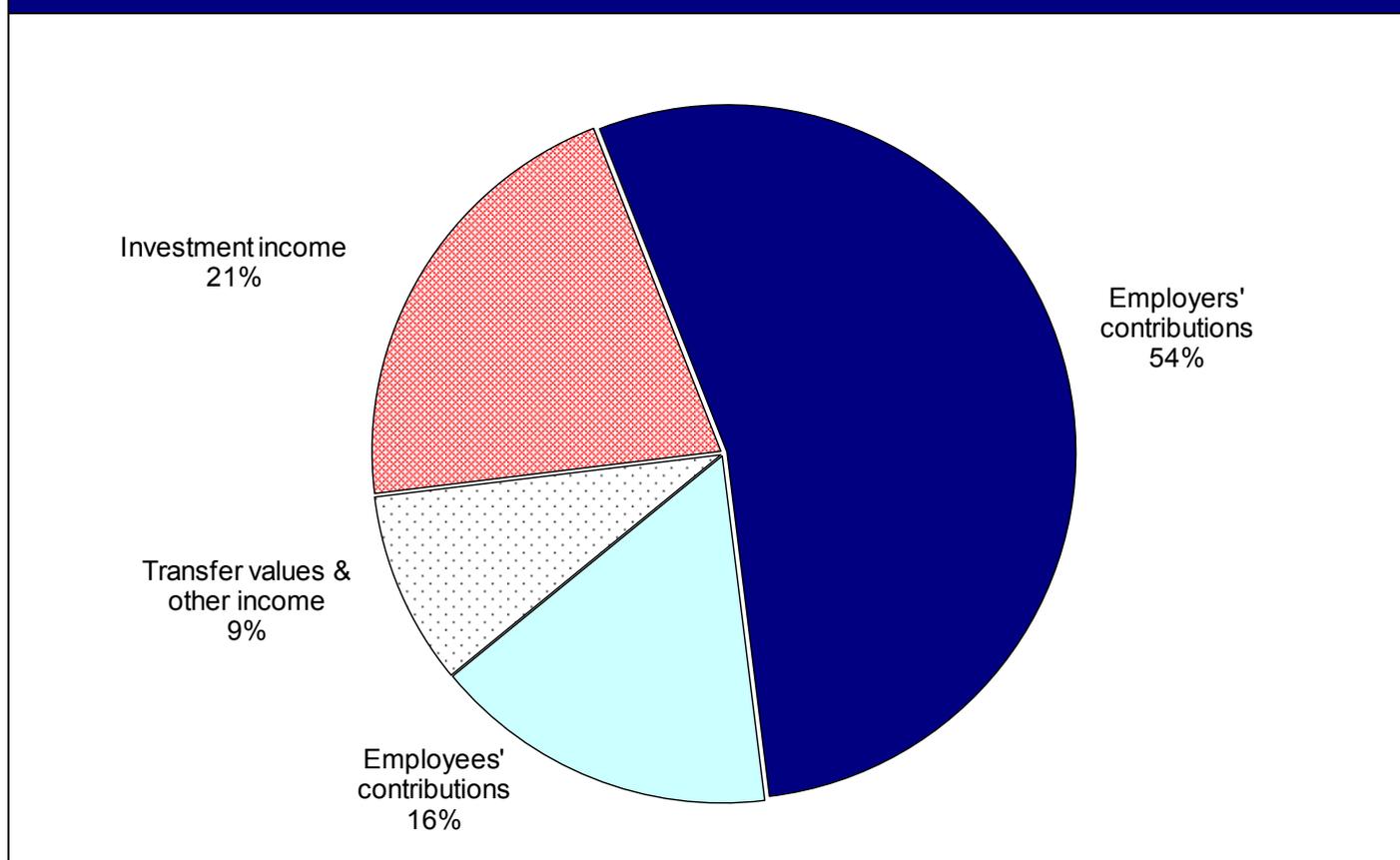
- The overall Local Government Pension Scheme income in 2013-14 was £842 million, an increase of £67 million, or 8.7% when compared with the figure for 2012-13.
- Income from employees' contributions to the Local Government Pension Scheme in 2013-14 was £135 million, an increase of £3 million or 2.5% on 2012-13. Income from employers' contributions to the scheme also increased in the same period by £6 million or 1.2%.
- In 2013-14, 70% of Local Government Pension Scheme income came from employers' and employees' contributions and income from investments provided 21% of the total. These compare with 75% & 20% in 2012-13
- Income from investments increased by £16 million, or 9.8%, when compared with 2012-13 to £174 million.
- The market value of the funds at end of March 2014 was £11.8 billion. This represents an increase of 7% on March 2013 and an increase of 92% on March 2009.

**Table 2: Local Government Pension Scheme income and market value of funds 2004-05 to 2013-14**

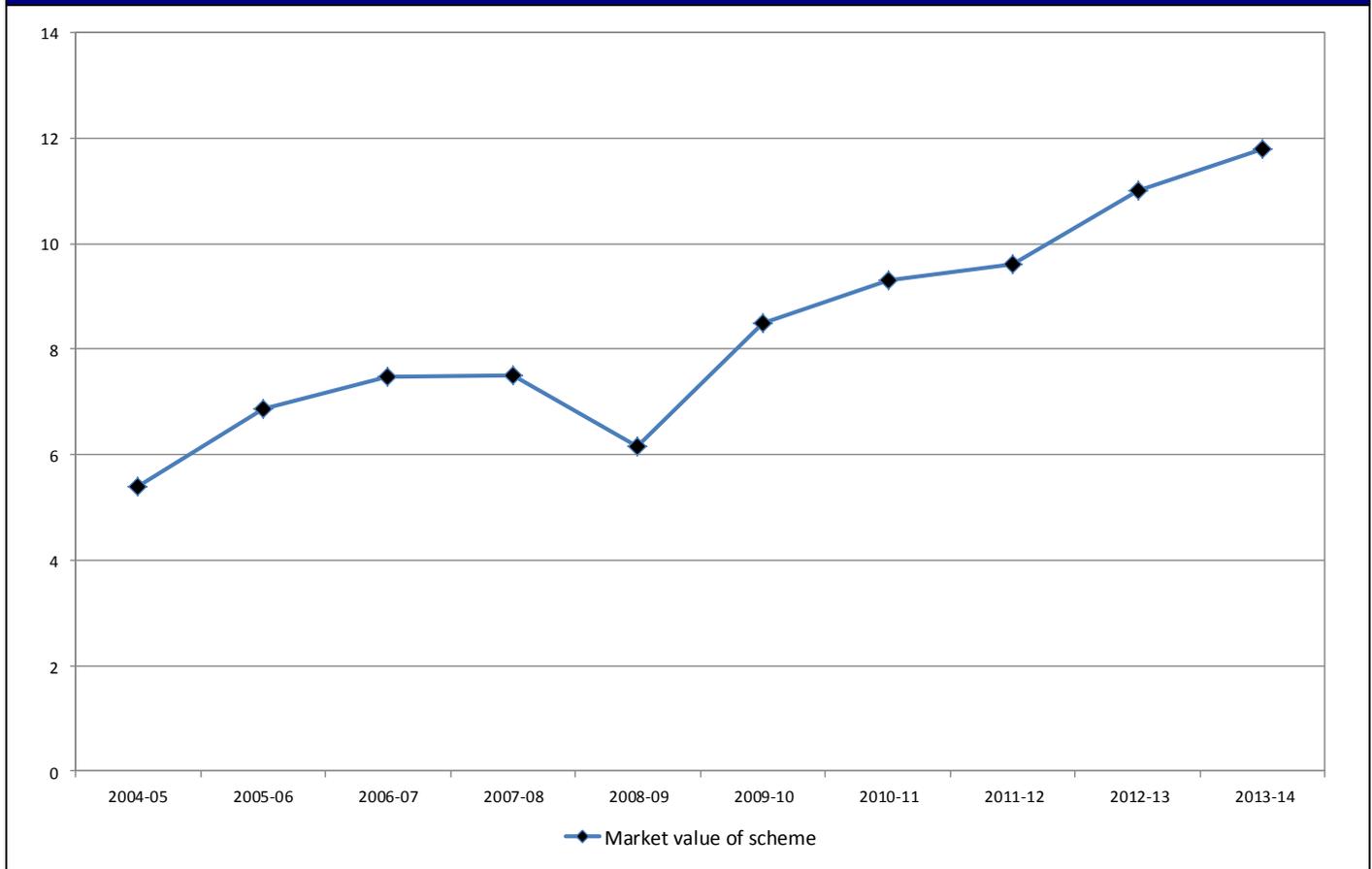
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	£ million
<b>Contributions (including those from admitted authorities)</b>											
Employees <sup>(a)</sup>	98	104	111	115	128	132	133	131	132	135	
Employers <sup>(b)(c)</sup>	283	317	360	396	409	421	431	429	449	455	
Investment income (gross)	109	114	128	136	126	118	131	146	159	174	
of which:											
Dividends receivable	70	71	79	87	80	80	90	100	93	95	
Interest receivable	12	13	15	17	12	6	7	6	6	6	
Income from property	3	4	4	3	3	3	5	7	8	8	
Other investment income	24	27	30	29	30	30	29	34	52	65	
Transfer values	52	60	54	51	33	68	41	89	29	43	
Other income	3	9	9	12	10	19	16	16	7	35	
<b>Total income</b>	<b>546</b>	<b>604</b>	<b>662</b>	<b>710</b>	<b>706</b>	<b>759</b>	<b>752</b>	<b>812</b>	<b>775</b>	<b>842</b>	
<b>Market value of funds at end of year</b>											
	5,389	6,876	7,478	7,505	6,146	8,490	9,296	9,621	11,022	11,789	£ million

Source: SF3 forms  
 (a) The rate of employee's contribution to the scheme changed from 1 April 2008 from a flat rate for all employees to a variable rate dependent on salary.  
 (b) Includes employers' secondary contributions

**Chart B: Local Government Pension Scheme income in 2013-14**



**Chart C: Market value at the end of the year of the Local Government Pension Scheme 2004-05 to 2013-14**



### 3. Income & Expenditure

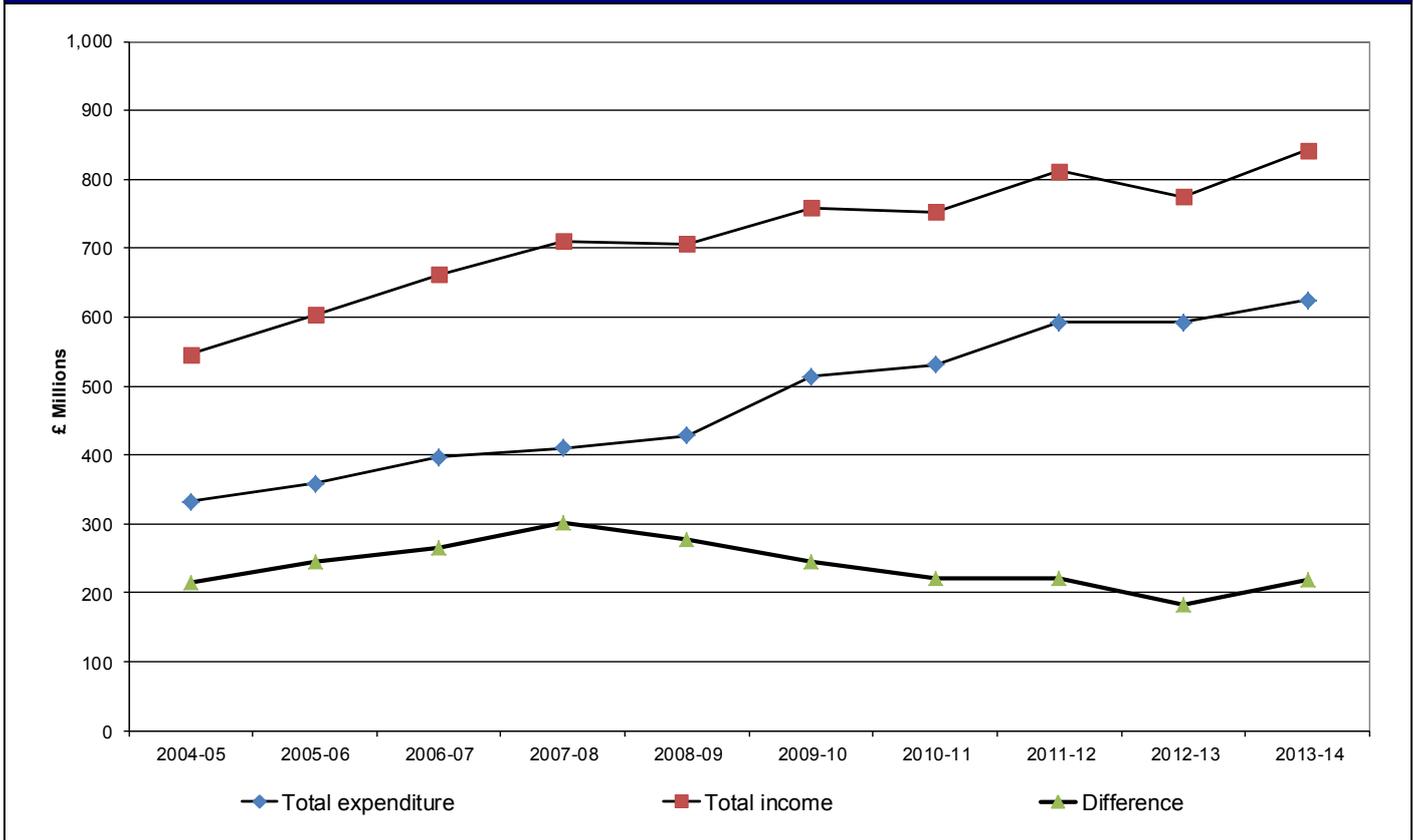
**Table 3** and **Chart D** provides a comparison of total Local Government Pension Scheme expenditure and income from 2004-05 to 2013-14.

- In 2013-14, total expenditure accounted for 74% of the Local Government Pension Scheme income, down from 76% in 2012-13 and up from 58% in 2007-08.

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	£ million									
Total expenditure (from Table 1)	332	358	397	409	428	513	531	592	592	624
Total income (from Table 2)	546	604	662	710	706	759	752	812	775	842
Excess of income over expenditure	214	246	266	301	278	246	221	220	183	218
Expenditure as a % of income	61%	59%	60%	58%	61%	68%	71%	73%	76%	74%

Source: SF3 forms

**Chart D: Local Government Pension Scheme total expenditure and income 2004-05 to 2013-14**



## 4. Membership

**Table 4** and **Chart E** provide figures of the membership of the Local Government Pension Scheme at the end of each year from 2004-05 to 2013-14.

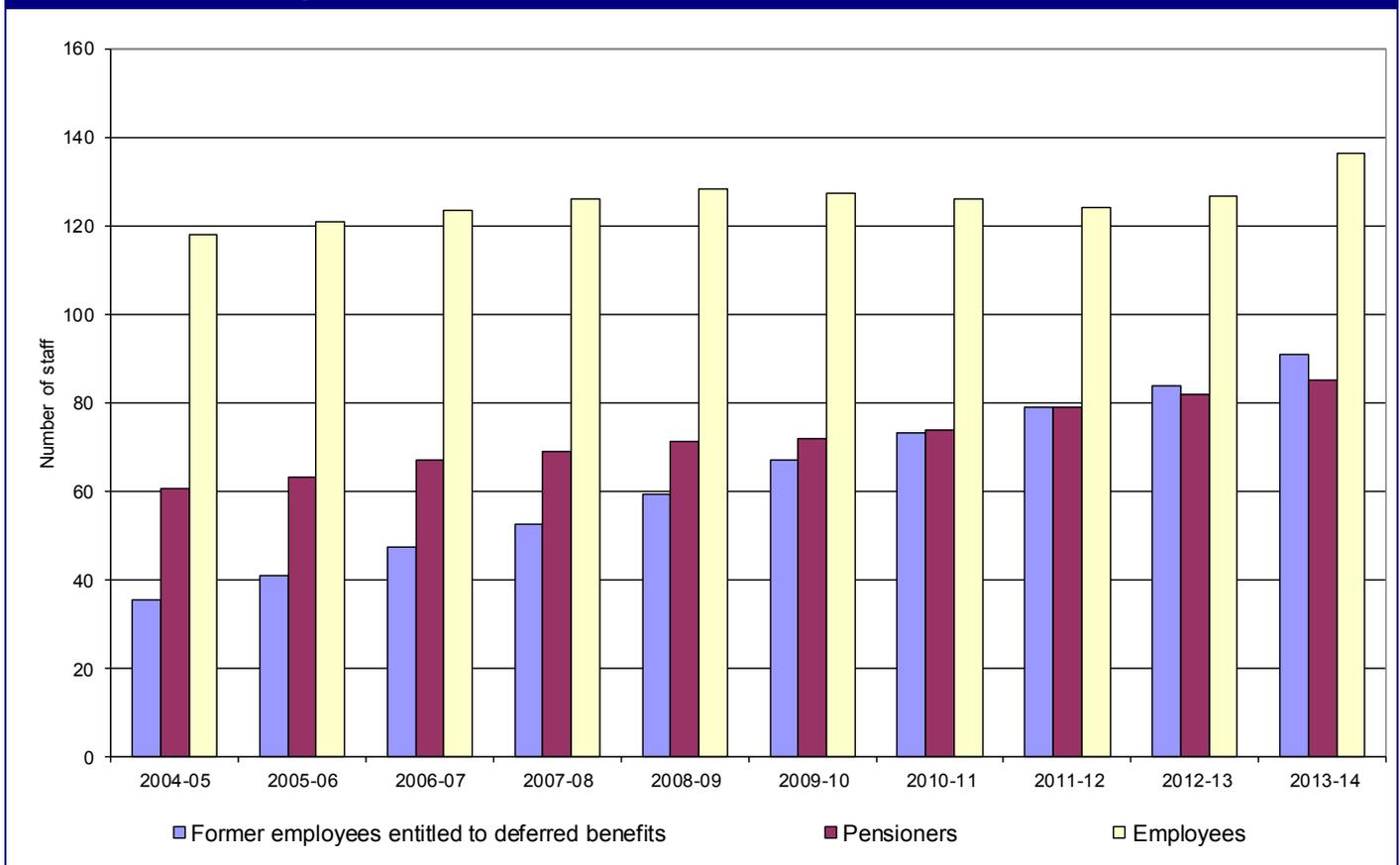
- Following last year's small increase in the number of employees in the Local Government Pension Scheme, in 2013-14 the number of members of the LGPS increased by 10 thousand, or 7.7%. A contributory factor to this increase may be that authorities are now required to auto-enrol staff into pension schemes. This came into effect from October 2012. Staff may opt out of the scheme if they wish.
- During 2013-14 the number of pensioners rose by 3 thousand to 85 thousand, an increase of 3.8% over the figure for the end of 2012-13.
- In 2013-14, the number of former employees entitled to deferred benefits rose by 7 thousand to 91 thousand an increase of 8.4% over 2012-13, and an increase of 158% over 2004-05.

**Table 4: Number of Local Government Pension Scheme members at the end of each year 2004-5 to 2013-14**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Employees	118	121	124	126	128	127	126	124	127	136
Pensioners	61	63	67	69	71	72	74	79	82	85
Former employees entitled to deferred benefits	35	41	47	53	59	67	73	79	84	91
Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies	–	–	0	0	0	0	0	0	0	1

Source: SF3 forms

**Chart E: Membership of the Local Government Pension Scheme 2004-05 to 2013-14**



## 5. Retirements from the Local Government Pension Scheme

**Table 5** and **Chart F** provide figures of the type of retirement from the Local Government Pension Scheme from 2004-05 to 2013-14.

- The number of people leaving the Local Government Pension Scheme in 2013-14 because of redundancy increased by more than 47% over the 2012-13 figure to 1,170.
- The number of people leaving the Local Government Pension Scheme in 2013-14 because of normal retirement increased by 7.6% over 2012-13.

- The proportion of people retiring from the Local Government Pension Scheme due to ill-health fell from 27% of all retirements in 2004-05 to 8% in 2013-14.

**Table 5: Type of retirements from the Local Government Pension Scheme 2004-05 to 2013-14**

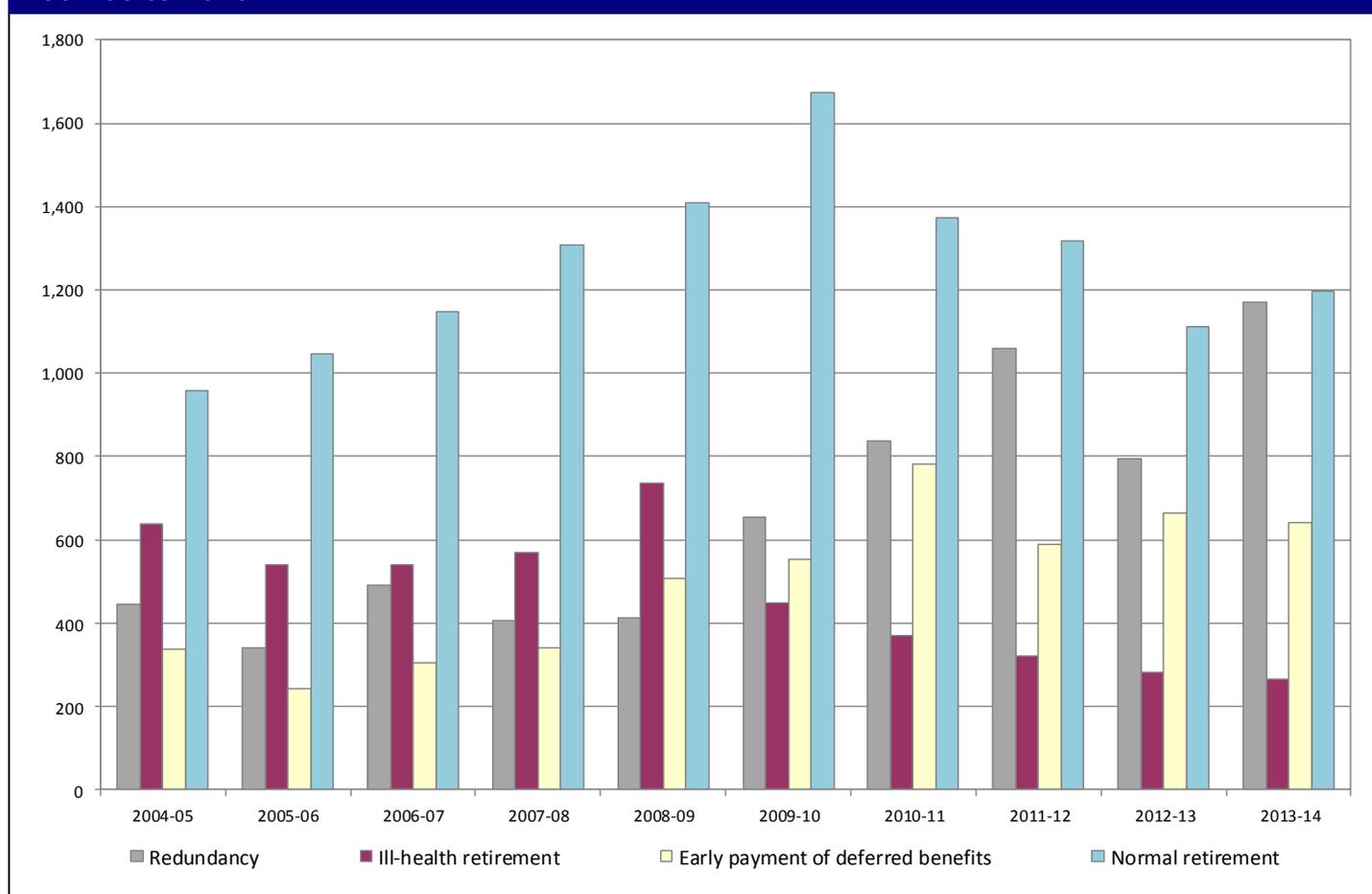
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Redundancy	444	340	492	407	412	654	839	1,060	795	1,170
Ill health retirement (pre 2008)	639	540	541	570	311	-	-	-	-	-
Tier 1,2 & 3 ill health retirement awards under LGPS <sup>(a)</sup>	-	-	-	-	426	450	370	321	281	266
Early payment of deferred benefit	339	242	304	341	507	552	782	588	665	693
Normal retirements	959	1,048	1,147	1,309	1,408	1,674	1,372	1,319	1,113	1,198
<b>Total retirements</b>	<b>2,381</b>	<b>2,170</b>	<b>2,484</b>	<b>2,627</b>	<b>3,064</b>	<b>3,330</b>	<b>3,363</b>	<b>3,288</b>	<b>2,854</b>	<b>3,327</b>

Source: SF3 forms

From 2009-10 onwards ill-health retirements under the 1997 scheme are excluded

(a) This was introduced on 1 April 2008. See *Terminology used in this release* for further details

**Chart F: Type of retirement from the Local Government Pension Scheme 2004-05 to 2013-14**



## 6. Definitions

A list of terms relating to local government finance is given in the glossary at Annex G of the latest edition of *Local Government Finance Statistics England*. This can be found at [www.gov.uk/government/collections/local-government-finance-statistics-england](http://www.gov.uk/government/collections/local-government-finance-statistics-england). The most relevant terms for this release are explained below.

### **Administering authority**

A body responsible for administering a Local Government Pension Scheme fund on behalf of its members who may be drawn from a number of local authorities and other public service employers

### **Admitted bodies**

Administering authorities may admit employees of non-scheme employers to the scheme under an admission agreement.

### **Contributions**

The level of contributions paid by scheme members is determined by the band of pensionable pay specified in Scheme regulations. The rate paid by individual participating employers is determined by local fund actuaries at each Scheme valuation and set for the subsequent triennium period. Where appropriate, these rates may be phased in over the three year period. Scheme regulations do allow for these rates to be revised between triennial valuations in prescribed circumstances.

### **Former employees entitled to deferred benefits**

Members who leave the scheme having completed the minimum period of service but who are not entitled to the immediate payment of a pension benefit, are awarded a deferred benefit which, under normal circumstances, becomes payable when the person reaches their normal retirement age.

### **Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies**

This applies to a member who had attained the age of 55 and who, with his employer's consent, had reduced his or her hours of work (or the grade in which they were employed) and was permitted by that employer to receive all or part of their benefits under the 2007 Benefit Regulations.

### **Grant payable on death**

This is payable at the discretion of the administering authority to either nominated individuals or dependants of a scheme member who dies in service. Prior to 1 April 2008 this was 2 times final pay. When the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 came into effect on 1 April 2008, this increased to 3 times final pay.

### **Ill-Health retirement**

Under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 which came into effect on 1 April 2008, there are now three levels of ill-health retirement pension payable. These levels depend on the extent to which the incapacitating condition which gave rise to the termination of employment in local government prevents the scheme member from obtaining gainful employment in the general workforce.

### **Local Government Pension Scheme**

The pension funds in the Local Government Pension Scheme operate under regulations made under the Superannuation Act 1972. Schedules to the regulations list the scheme employers, most of these are local authorities. In Wales there are 8 pension funds in the Local Government Pension Scheme, each administered by an administering authority.

The assets of the pension funds are for meeting the future pension liabilities of the funds, and are part of the financial corporations sector in the National Accounts, not part of the local government sector. Pensions paid out under the scheme are therefore part of the expenditure of the pension funds, not of the local authorities that administer them. Employers' and employees' contributions, part of the income of the funds, are recorded as expenditure by local authorities in their revenue accounts, either directly or indirectly under employees' expenses.

On 1 April 2008, the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 came into effect. This Scheme includes some new and different provisions which may affect comparison with previous data sets.

### **Lump sum on retirement**

Prior to 1 April 2006-07, scheme members on retirement became entitled to both an annual pension based on  $1/80^{\text{th}}$  of pensionable pay for each year of membership and a lump sum of three times that amount. Under the current regulations, entitlement is to a pension only based on a higher accrual rate of  $1/60^{\text{th}}$  but with the option to commute pension into lump sum.

### **Pension arrangements for fire fighters, police and teachers**

Separate arrangements apply for the pensions of the police, fire fighters and teachers. The police and fire fighters' pensions are provided through unfunded schemes administered locally, and the cost of police and fire fighters' pensions are therefore included in local authority expenditure.

Teachers' pensions are provided through a notionally funded scheme administered by the Department for Education (DfE). There is no fund of assets, and teachers' pensions are paid by the DfE. Employers' and employees' contributions are paid by local authorities to the DfE and are recorded as expenditure in their revenue accounts.

It should be noted that non-operational staff in the police, fire and rescue service support staff, and non-teaching staff in the education sector are covered by the Local Government Pension Scheme.

## Refunds of contributions

Contributions refunded when a person leaves a pension scheme before completing a minimum period of service. Under earlier schemes, a refund of contributions could be paid to those leaving the scheme with less than 2 years service. Under the 2008 scheme, a refund of contributions can only be made to a person who has been a member of the scheme for less than 3 months.

## Transfer Values

A cash value assigned to a person's pension pot that is transferred with them when they move from one pension fund to another.

# 7. Technical Notes

## Survey design for collecting SF3(Pensions) data for 2013-14

During July & August 2014, all 8 Local Government Pension Scheme administering authorities in Wales were asked to complete the SF3(Pensions) form to show scheme income, expenditure, membership, retirements and other scheme activities.

## Data quality

This Statistical Release contains Official Statistics and as such has been produced to the high professional standards set out in the National Statistics Code of Practice. Official Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2013-14 in this release is derived from Department for Communities and Local Government (DCLG) SF3(Pension) forms and is based on valid returns from all 8 LGPS administering authorities in Wales.

Only data for authorities that have completed a valid form are used in the computation of national figures for the statistical release. As we received valid data from all authorities in Wales there has not been a need to use a grossing methodology

Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority and also by Department for Communities and Local Government as the data are received and stored. These include:

i) **In form validation:** This refers to warnings that are built into the Excel forms that are sent to authorities. Forms have been pre-programmed with sense checks to highlight figures outside a set range. If an authority inputs figures that are likely to be incorrect, the form flags up to the officer inputting the data that this value could be incorrect. In some fields the figure can still be accepted if a reason is given whereas some cells will definitely be rejected as it is deemed impossible. In the majority of cases this means that the forms are returned completed and without any validation queries.

ii) **CLASS (Computerised Local Authority Statistics System) validation:** Once the figures have been received by DCLG, they are input into the CLASS database. Further validation checks are carried out which returns a list of errors and warnings for unexpected figures which team members look through and contact an authority about if necessary.

iii) **Manual (or analytical) validation:** These are extra checks done manually by the teams to double check the figures they receive. During this process the teams also liaise with relevant policy section to clarify and rectify any anomalies.

iv) **Post validation:** Figures get checked and double-checked on the statistical releases. Particular attention is paid to making sure the values have been entered correctly and the figures on the graphs and tables correlate with each other.

## Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at [www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy](http://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy)). There are two types of revisions that the policy covers:

### Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

### Scheduled Revisions

At time of publication there are no scheduled revisions for this series.

## Background notes

This Statistical Release can be found at the following web address:

<https://www.gov.uk/government/collections/local-government-pension-scheme>

Timings of future releases are regularly placed on the Department's website,

[www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications](http://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications) and on the National Statistics website, [www.statistics.gov.uk/releasecalendar/currentreleases.asp](http://www.statistics.gov.uk/releasecalendar/currentreleases.asp)

For a fuller picture of recent trends in local government finance, readers are directed to the latest edition of *Local Government Finance Statistics England*, which is available electronically from the Department for Communities and Local Government website:

[www.gov.uk/government/collections/local-government-finance-statistics-england](http://www.gov.uk/government/collections/local-government-finance-statistics-england) .

## User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

## Devolved administration statistics

In addition to data for Wales, DCLG also collect data for 81 administering authorities in England. Data for 2013-14 and comparisons with previous years can be found at:

[www.gov.uk/government/collections/local-government-pension-scheme](http://www.gov.uk/government/collections/local-government-pension-scheme)

The Scottish Government also collect local government pension fund data. Their information can be found at the following website:

[www.scotland.gov.uk/Publications/2014/02/4500/5](http://www.scotland.gov.uk/Publications/2014/02/4500/5)

## 8. Enquiries

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Information on Official Statistics is available via the UK Statistics Authority website:

[www.statistics.gov.uk/hub/browse-by-theme/index.html](http://www.statistics.gov.uk/hub/browse-by-theme/index.html)

Information about statistics at DCLG is available via the Department's website:

[www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics](http://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics)

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October 2014

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ISBN: 978-1-4098-4377-1