

HERTFORDSHIRE COUNTY COUNCIL

**LOCAL GOVERNMENT PENSION SCHEME
PENSION BOARD
18 JULY 2018 AT 10.15AM**

Agenda Item

No:

6

REPORT ON HERTFORDSHIRE COUNTY COUNCIL ANNUAL RETURN AND ANNUAL BENEFIT STATEMENTS

Report of Director of Resources

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1. Purpose of report

- 1.1 To advise the LGPS Board that the annual return for Hertfordshire County Council for 2017-2018 will include amended pensionable allowances figures within the final salary figure (i.e. pre 2014) which have not been included in previous years returns.
- 1.2 To advise the LGPS Board of the impact of the change in 1.1 on Annual Benefit Statements (ABS) for employees.

2. Recommendations

- 2.1 That the LGPS Board notes the content of the report.

3. Background

- 3.1 The County Council has to provide all active members of the LGPS with an Annual Benefit Statements (ABS), for benefits accrued until the end of March, by the statutory deadline of 31 August. Serco, who are contracted to deliver the Council's payroll services, provide the payroll data via an 'annual return' to the Local Pensions Partnership (LPP) who are contracted to administrate the pension scheme on behalf of the Council. The LPP then use the data to update their systems and produce the ABS. The annual return is signed-off by Human Resources (HR) before being released. All parties are involved in the process of agreeing the data to be produced.

4. Annual Return 2017-2018

- 4.1 In previous annual returns for the LGPS it included 5 elements of pay within the pre 2014 final salary column. It has been agreed that the data supplied should now include all pensionable pay as per the pre 2014 regulations as a full time equivalent (FTE) value. This will include any contractual elements of pay scaled up to a FTE and ad hoc pensionable allowances as an actual value paid (i.e. not scaled up). The value does not

include payments such as overtime and additional hours or any other payments which would not have been pensionable under the pre 2014 regulations.

- 4.2 A revised list of payment types to be included within the pre 2014 final pay column has now been agreed. A detailed specification, including the list of payment types to be included within the pre 2014 final pay column and checking document has been developed and agreed between HR, LPP & Serco for all future returns.
- 4.3 The change does not impact what any employee has paid in pension contributions, only what has been reported in their Annual Benefit Statements.

5. Annual Benefit Statements 2017-2018

- 5.1 Members who receive pensionable allowances, which would have been pensionable under the pre 2014 regulations, will see these amounts included within their pre 2014 final salary pay, which in turn is used to calculate any pre 2014 benefits. Therefore these members may notice a higher value this year showing in their pre 2014 benefits in their 2017-18 statement.
- 5.2 This is most likely to affect members receiving the following payments: temporary promotion, night duty, sleeping shifts and contractual bank holiday.

6. Financial Implications

- 6.1 Previous ABS for members in receipt of pensionable allowances under the pre 2014 regulations would have had a lower final salary figure reported in the ABS which in turn would have shown lower estimated benefits. The final salary figures on the ABS are not used when calculating actual pension benefits, therefore all estimates or pensions in payment have been calculated correctly.

7. Equalities Implications

- 7.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.
- 7.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 7.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance

equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

- 7.4 No EqlA was undertaken in relation to this matter, as there are no equality implications of the issue to the pension schemes.