

**REQUEST FOR VIREMENT – PENSION CONTRIBUTIONS
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)**



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To seek approval for a virement of £282,000 from existing pension budgets to a “corporate pension contribution” budget. This reflects the change in payment arrangements to the Leicestershire County Council Local Government Pension Fund for 2014/2015.

2. **RECOMMENDATION**

That Council approve a virement of £282,000 from existing pension budgets to a “corporate pension contribution” budget for 2014/2015.

3. **BACKGROUND TO THE REPORT**

3.1 The Council’s contributions to the Leicestershire County Council Local Government Pension Fund are set annually by the pension scheme provider. These rates are based on the position of the fund at the last valuation and are calculated in order to generate sufficient inflows to cover the scheme’s actuarial deficit.

3.2 The Council’s contribution rates for 2014/2015 was provided by the scheme provider in November 2013 as follows:

- Pension contribution rate – 19.6%
- Ill health retirement insurance rate – 1.6%

3.3 Notification was received from Leicestershire County Council on 21st February 2014 that the contribution rates for a number of admitted bodies, including Hinckley and Bosworth Borough Council had been amended. The amended rates for this Council have been confirmed as follows:

- Pension contribution rate – 16.4% plus 12 monthly installments of £23,500 (£282,000)
- Ill health retirement insurance rate – 0.5%

3.4 The change in rates have minimal financial impact. Based on the current establishment list it is estimated that the revised rates will increase the Council’s total contributions by £5,070 for 2014/2015. However, in order to ensure efficient and accurate administration of these changes a virement is required from the current pension budgets (within numerous service accounts) to a corporate pension contribution budget for the value of the cash payments (£282,000).

3.5 The rationale for why rates were changed and the timing of this communication is not fully understood. The poor timing of this notification has been communicated to Leicestershire County Council by all District Councils.

4. **FINANCIAL IMPLICATIONS [KP]**

Contained within the body of the report.

5. **LEGAL IMPLICATIONS [EP]**

Contained within the body of the report, which ensures a more accurate reflection of the administration of the pension funds.

6. **CORPORATE PLAN IMPLICATIONS**

No direct corporate plan implications

7. **CONSULTATION**

Not applicable

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

None

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Notifications from Leicestershire County Council
Payroll records

Contact Officer: Katherine Plummer, Head of Finance ext 5609
Executive Member: Cllr K Lynch