EPN 380 Annex 13C

Disclosure of salary, pension and compensation information for 2013 – 14

Departmental Remuneration Report

Please note: all the figures in this report are fictitious, exclude names, and are included only to illustrate how the data could be laid out in your report. Please also note that the information in the example goes further than what is required by the FReM. However, you must consult Cabinet Office if you propose to omit any significant details.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration Policy

[Provide details of remuneration policy]

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the department.

Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)[1]		Total (to nearest £1,000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Minister 1 *Secretary of State*	68,169	68,827	7,400	7,400	23,000	22,000	99,000	98,000
Minister 2 *Minister of State*	32,344	33,002	-	-	10,000	9,000	42,000	42,000
Minister 3 *Minister of State*	32,344	29,276[2]	-	-	10,000	8,000	42,000	37,000

[1] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
[2] Figure quoted is for the period 12 March 2012 to 31 March 2013. The full year equivalent is £33,002.

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Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)[3]		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Permanent Secretary	140-145	130-135	5-10	5-10	4,000	3,900	34,000	32,000	185-190	175-180
Director General	110-115	105-110	0-5	0-5	-	-	26,000	25,000	140-145	135-140
Director	90-95	85-90	0-5	0-5	-	-	24,000	22,000	115-120	110-115

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£65,738 from 1 April 2010, £66,396 from 1 April 2013) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. Minister 1 received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988. The Permanent Secretary had the private use of an allocated car in the circumstances permitted by the Civil Service Management Code.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2013-14 and the comparative bonuses reported for 2012-13 relate to the performance in 2012-13.
[Note - If the appraisal process does not allow enough time to accrue for individual bonuses relating to 2013-14 performance in the 2013-14 financial statements, then the remuneration report should disclose bonuses based on 2012-13 performance and comparative bonuses for 2012-13 should be based on 2011-12 performance.]

[3] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

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Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in [the organisation] in the financial year 2013-14 was £140-145,000 (2012-13, £130-135,000). This was 6.4 times (2012-13, 6.2) the median remuneration of the workforce, which was £22,100 (2012-13, £21,400).

In 2013-14, 1 (2012-13, 0) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £18,000 to £150,000 (2012-13, £17,000-£134,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

[Explanation of the changes on either side of the ratio]

Pension Benefits

Minister	Accrued pension at age 65 as at 31/3/14	Real increase in pension at age 65	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Minister 1 *Secretary of State*	**5-10**	**0-2.5**	**29**	**8**	**12**
Minister 2 *Minister of State*	**0-5**	**0-2.5**	**9**	**4**	**3**
Minister 3 *Minister of State*	**0-5**	**0-2.5**	**4**	**0**	**4**
Minister 4 *Minister of State*	**0-5**	**0-2.5**	**19**	**18**	**1**

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Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members paid contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates will increase from April 2014.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

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Officials	Accrued pension at pension age as at 31/3/14 and related lump sum **£'000**	Real increase in pension and related lump sum at pension age **£'000**	CETV at 31/3/14 **£'000**	CETV at 31/3/13 **£'000**	Real increase in CETV **£'000**	Employer contribution to partnership pension account **Nearest £100**
Permanent Secretary	**55-60 plus lump sum of 165-170**	**0-2.5 plus lump sum of 2.5-5**	**983**	**940**	**21**	**-**
Director General	**50-55**	**0-2.5**	**680**	**647**	**15**	**-**
Director	**15-20 plus lump sum of 55-60**	**0-2.5 plus lump sum of 2.5-5**	**332**	**325**	**- 5**[4]	**-**

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in

[4] Taking account of inflation, the CETV funded by the employer has decreased in real terms.

that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/pensions

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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Compensation for loss of office

X left under [Voluntary Exit] terms on XX Month Year. They received a compensation payment of £XX-XX 000.

X left under [Voluntary Redundancy] terms on XX Month Year. They elected to take early retirement. The cost to the Department of buying out the actuarial reduction on their pension was £XX-XX 000. They did not receive any additional compensation.

Use the layout below for the former Compulsory, Flexible or Approved Early Retirement terms
X left under [Compulsory Early Retirement] terms on XX Month Year. The capitalised cost of the package they received was £XX-XX 000.

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Reporting of Civil Service and other compensation schemes – exit packages

Comparative data to be shown (in brackets) for previous year

		Core Dept			Core Dept. & Agencies			Departmental Group		
1	**Exit package cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
2	**<£10,000**									
3	**£10,000 - £25,000**									
4	**£25,000 - £50,000**									
5	**£50,000 - £100,000**									
6	**£100,000 - £150,000**									
7	**£150,000 - £200,000**									
8	**Total number of exit packages**									
9	**Total cost /£**									

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

[Note: entities should provide additional text if any payments are not covered by the CSCS, for instance, ex-gratia payments agreed with the Treasury or scheme details where using another scheme. Other schemes are most likely to apply in other designated bodies not listed in Schedule 1 to the Superannuation Act 1972 and may apply different statutory compensation terms]