13.1

Resource Account Disclosure 2013-14

What is disclosure?

13.1.1 Disclosure is the publication of the salary, bonus, pension and compensation details of your senior management, and of summary data on your use of exit packages.

Who is subject to disclosure?

13.1.2 The senior management team will normally be your Management Board or a similar group of very senior officials. You should find out who is included because each department or agency or Non Departmental Public Body is responsible for deciding which posts are covered by the disclosure requirements. The notice in Annex 13D must be sent to all staff covered by the disclosure requirements.

13.1.3 You must disclose salary and pension information on all departmental ministers and members of the senior management team. You must also disclose any compensation payments paid to members of the senior management team on loss of office, although you must tell them in advance of your intention to disclose and that they can object under s10 of the Data Protection Act 1998 (DPA).

Ministers are paid severance payments under statute. You do not disclose compensation paid to Ministers.

Important Reminder

Non disclosure is possible if the member can argue, giving reasons, that publication would, under the Data Protection Act, prejudice their rights, freedoms or legitimate interests, or that it would or be likely to cause unwarranted substantial damage or distress to themselves or another. If a member raises such an argument you must consider whether to accept it. You are strongly advised to take legal advice in such a case, because if you decide not to publish this may be challenged under the Freedom of Information Act.

What disclosure is required?

13.1.4 You should disclose the following information in a Remuneration Report:

- Salary for 2013-14 & 2012-13

  You should include as salary: gross salary; overtime; London weighting or allowances; recruitment and retention allowances; private office allowances; ex-gratia payments; and any other taxable allowances or payments.

  The payment of legitimate expenses is not part of the salary.

  Figures regarding Ministers' salaries are already available to the public and you should disclose them to the nearest £1.

  For senior management these figures are not generally available to the public and you should disclose them in bands of £5,000.

- Bonuses for 2013-14 & 2012-13

  Bonuses for senior management should be included in bands of £5,000, and should relate to the year in which they become payable to the individual.

- Benefits in kind for 2013-14 & 2012-13

  You should include as "benefits in kind" any taxable benefits that are not given to the individual as cash. The most common taxable benefit is the provision of an allocated car.

  Most civil servants do not receive benefits in kind.

  The payment of legitimate expenses is not a benefit in kind.

  You should disclose these figures to the nearest £100.

- Value of pension benefits for single total figure of remuneration for 2013-14 & 2012-13

  You should disclose the total value of pension, calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the member.

  The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

- Ratio of top to median staff pay for 2013-14 & 2012-13

  You should include the median remuneration of your staff and the ratio between this and the mid-point of the banded remuneration of your highest paid director (whether or not this is the Accounting Officer or Chief Executive). The calculation is based on the full-time equivalent staff at 31/03/14 on an annualised basis.

- Accrued pension and lump sum as at 31/3/14

  You should disclose the pension that the individual would receive if 31/03/14 were their last day in service. If the member is in **premium** or **nuvos** then they will not receive an automatic lump sum and therefore there is no lump sum to disclose.

  The pension and lump sum includes any benefits that have accrued from the individual buying added years, added pension or transferring in benefits from another scheme.

If a member has a preserved award from a previous Civil Service employment, you should include this in the various pension calculations, whether or not the member has opted to aggregate (or link) this preserved award with their current award.

Where a member has taken partial retirement in the year being reported their benefits will be reported as having a mix of active and pensioner benefits. In subsequent years it should still be noted in the Remuneration Report that a member has taken partial retirement and the amount of any pension and lump sum taken. This information should be published as a footnote in the Remuneration Report for as long as the member is being reported on.

You should disclose the accrued pension and lump sum in bands of £5,000.

- Real increase in pension and lump sum

This is the increase in the value of the pension over the year after considering the effect of inflation.

Ministers and members of **premium** and **nuvos** do not automatically receive a lump sum and so you do not disclose one.

Members of **classic** and **classic plus** receive an automatic lump sum, which you should disclose.

You should disclose the real increase in pension and lump sum in bands of £2,500.

- Cash Equivalent Transfer Value (CETV) as at 31/03/13 and 31/03/14.

This is the capital value of the pension and is worked out using guidance provided by the scheme actuary. It is an assessment of what it costs the scheme to provide these pension benefits. You should disclose these figures to the nearest £1,000.

NOTE: If the member has a mixture of capped and un-capped service these periods must be worked out separately and added together. The **pensions** administrator will work out this figure for the employer.

- 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 or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

You should disclose these figures to the nearest £1,000.

- Compensation payments

You must disclose compensation paid to senior management unless they can argue for non disclosure under the Data Protection Act.

- You should include a detailed narrative of the compensation, including all benefits both present and future that will be paid to them. The example Remuneration Report, at Annex 13C, includes an individual who leaves with an early retirement package.

Where you have a compromise agreement with an individual, which contains a confidentiality clause, disclosure may still be required. You should always seek your own legal advice wherever a confidentiality clause in a compromise agreement exists or is under consideration.

You should not disclose severance payments paid to Ministers.

- Ex-gratia payment

  If you make other payments to the individual, such as an ex-gratia payment, then this should be included in the total disclosed for salary (See Section 5 of the Government Financial Reporting Manual (FReM)).

Disclosure of exit packages

13.1.6 The use of exit packages for all staff should be reported in a note to the resource accounts. An example of the requirement is included in Annex C.

Form of disclosure

13.1.7 We have included an example of a Remuneration Report at Annex 13C. Where an individual has a non-standard pension arrangement (e.g. accelerated accrual or membership of the Supplementary Scheme), you should disclose this in the report.

- Obtaining the information

  You should obtain information on salary, bonuses, benefits in kind, and exit packages from your records.

13.1.8 You should approach:

RPMI for pension information relating to Ministers using Annex 13B sending it to

pcpf@rpmi.co.uk

mandy.porter@rpmi.co.uk

laura.blackett@rpmi.co.uk

copied to

sladeac@parliament.uk

bassig@parliament.uk

tindall@parliament.uk

We have provided RPMI and each pensions administrator with guidance on how to work out the figures you will need.

13.1.9 You should send the Annex 13A to your pensions administrator for disclosure information for civil servants.

Important Reminder

Your pensions administrator will not be able to start calculating the disclosure figures until after the pension system has been updated for the March 2014 payroll. The figures for anyone who started working for you late in the reporting year may be delayed while your pensions administrator obtains the relevant data.

13.1.10 If you have any civil servants who are members of the Civil Service Supplementary (Earnings Cap) scheme, you should advise your pensions administrator who will combine Supplementary Scheme figures with the main scheme figures.

Ministers and senior managers who are not in post for the whole reporting year

13.1.11 When you are preparing your Remuneration Report, you may find that you have individuals covered by the report who were appointed during the reporting year. You may also have individuals who left during the reporting year. You should disclose the date of appointment, or last day of service as appropriate. It is essential that the Remuneration Report includes the details of any individual that has retired during the financial year.

13.1.12 You should only disclose the pay, benefits in kind and pension information that relate to the period during which they were in a post subject to disclosure.

However, you should also disclose the full year equivalent of the salary. The following example illustrates this point:

> A civil servant joins the Board of the department on 1 July 2013. Between 1 July 2013 and 31 March 2014, they received a salary of £90,000. You should disclose the salary of £90,000 in the Remuneration Report, that this was only for 9 months, and that the full year equivalent is £120,000. You should not disclose the salary they received before 1 July 2013.
>
> You should still disclose the CETV for 31 March 2014, which is the end of the reporting period. However, you should disclose the CETV at 30 June 2013 (which is the value immediately before the individual joins the SMT) rather than 31 March 2013.
>
> If the civil servant was subject to disclosure in their previous post then the opening figure in your accounts should match the closing figure in their previous employer's accounts.
>
> If an individual is new to the Civil Service you will not have a figure for the start date.

13.1.13 The example Remuneration Report at Annex 13C includes Ministers and senior managers who do not serve throughout the accounting period.

partnership pension accounts

13.1.14 If a member of the senior management team has opted to have a **partnership** pension account rather than joining the pension scheme then you should disclose this in the Remuneration Report.

13.1.15 You should ask your payroll provider to work out the total member and employer contributions paid to the **partnership** pension provider in the reporting year. You should disclose this figure in the Remuneration Report to the nearest £100.

Departmental staff

13.1.16 You should include a note in your departmental resource accounts that contains:

- the contributions you have paid to the PCSPS;
- the contributions you have paid to **partnership** pension providers during the reporting year;
- the contributions you are due to pay to **partnership** pension providers at the end of the reporting year;

- the contributions you paid to **partnership** pension providers during the reporting year that you did not need to pay until after the end of the reporting year.

13.1.17 We suggest that you base this note on the following example:

'The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but (insert employer's name) is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2013-14, employers' contributions of £XXXX were payable to the PCSPS (2012-13 £XXXX) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £XXXX were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £XXXX, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the balance sheet date were £XXXX. Contributions prepaid at that date were £XXXX

Ill-health retirement

13.1.18 You should disclose details of the number and total additional accrued pension liabilities, payable by the **PCSPS** for individuals who retired early on health grounds during the year, in the notes to the departmental resource accounts.

13.1.19 You do not need to report a capitalised figure for the additional accrued pension liabilities. You should request from your pensions administrator, and report, the difference between the pension the member received after retiring on ill-health grounds and the pension they would have received had they resigned on that date. The following is an example.

Mr A, a **classic member**, retired early, with a service enhancement of 5.6 years, and was earning £30,000 a year when he left.

Mrs B, a **classic member**, retired early, with a service enhancement of 6.3 years, and was earning £40,000 a year when she left.

Mrs C, a **premium member**, retired early, with a service enhancement of 8.7 years, and was working part time; her full time equivalent salary was £20,000 a year when she left.

To calculate the additional pension liabilities:

A 5.6/80 x £30,000 = £2,100
B 6.3/80 x £40,000 = £3,150
C 8.7/60 X £20,000 = £2,900

Your note would then read:

'Three individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £8,150.'