

Welcome to our quarterly employer's newsletter.

Details of bulletins and circulars issued by the Local Government Association (LGA) since the last newsletter are detailed below. All previous circulars and bulletins are on the LGA website at <http://www.local.gov.uk/web/workforcelibrary/lgpc-bulletins>

LGPC Bulletins

Local Government Pensions Committee (LGPC) issue a bulletin every month to update scheme administrators on where we are with changes to the Local Government Pension Scheme (LGPS). The bulletin is quite detailed and is designed for scheme administrators. We highlight issues to Employers as necessary.

[Bulletin 142](#) – **March 2016 Annual update** – Sets out the rates and bands applicable from April 2016 for various purposes.

[Bulletin 143](#) – **March 2016** Items of relevance to Employers have been included in this newsletter.

[Bulletin 144](#) – **April 2016** Items of relevance to Employers have been included in this newsletter.

[Bulletin 145](#) – **May 2016** Items of relevance to Employers have been included in this newsletter.

LGPC Circulars

LGPC Circulars are used to notify all Employers of LGPC training events.

[Circular 300](#) – **LGPS Practitioner and Employer Training Events**

This Circular was issued to advise administering authorities and employers participating in the Local Government Pension Scheme of a number of one-day workshops to be run at various locations across England and Wales as well as notice [of a residential course in the North of England](#). The events have been organised by the Local Government Pension Committee (LGPC). Please see [Circular 300](#) for more details.

[Circular 299](#) – **LGPS Trustee Training**

This Circular was issued to advertise the forthcoming LGPS Trustees' training programme "Fundamentals", organised by the Local Government Pensions Committee (LGPC). Fundamentals is an A-Z bespoke Local Government Pension Scheme training course, originally aimed at elected members serving on pension committees / panels, and has been attended by over 1300 delegates since 2002. Last year, with the advent of Pension Boards whose role it is to assist the administering authority in its role as scheme manager, the material was modified so it would also be suitable for Board members who had identified a need to upscale their knowledge and understanding in some areas.

Fundamentals XV 2016 will be delivered at three locations as follows:

London	Day 1	6 October
	Day 2	1 November
	Day 3	29 November
Leeds	Day 1	18 October
	Day 2	9 November

[Day 3](#) 6 December

Cardiff [Day 1](#) 25 October
[Day 2](#) 15 November
[Day 3](#) 14 December

Bookings are made via the on-line events booking facility which is part of the Local Government Association website. Each event has a link attached to the date in order to book direct. The main events booking page for all LGA events are viewable at: <http://www.local.gov.uk/events>

Pension Fund Investment Update

The Fund excluding private equity investments achieved a return of 1.4% for the quarter, underperforming its benchmark of 2.3% by 0.9%. The value of the whole Fund as at 31 March 2016 was £2.214bn. A return of -1.2%, representing underperformance of 1.0%, compared to the -0.2% benchmark, for the twelve month period is reported. A return of 6.4%, representing annual outperformance of 0.2%, compared to the 6.2% benchmark, for the three year period is reported.

LGPS General Update

New Member Website

The new LGPS member website for the LGPS in England and Wales is now live. It is a 'full' member website containing information on all aspects of membership of the LGPS and hosts the current version of the APC calculator. The website address is www.lgpsmember.org. Our Fund's website links and forms have been updated with the new member website address.

Revaluation of pensions accounts

Following a draft of the Public Service Pensions Revaluation (Prices) Order 2016 being debated and passed in the House of Commons on 2nd March 2016, the final Order was laid before Parliament on 24th March confirming negative revaluation of -0.1%.

Pensions in payment were not negatively revalued, instead there was no increase applied from April 2016.

Where members left the LGPS between 1 April 2015 and 31 March 2016 (i.e. became deferred members), their Career Average Revalued Earnings (CARE) pension accounts have been revalued in line with the 2016 HM Treasury Order, as per the table below.

Final Salary scheme benefits are not affected by the negative CARE revaluation.

Date left the LGPS	CARE Revaluation %	Date left the LGPS	CARE Revaluation %
Up to 31 March 2015	Not applicable	27 th Sept 2015 to 26 th Oct 2015	-0.05%
1 st April 2015 to 26 th April 2015	0.00%	27 th Oct 2015 to 26 th Nov 2015	-0.06%
27 th April 2015 to 26 th May 2015	-0.01%	27 th Nov 2015 to 26 th Dec 2015	-0.07%
27 th May 2015 to 26 th June 2015	-0.02%	27 th Dec 2015 to 26 th Jan 2016	-0.08%
27 th June 2015 to 26 th July 2015	-0.03%	27 th Jan 2016 to 26 th Feb 2016	-0.08%
27 th July 2015 to 26 th Aug 2015	-0.03%	27 th Feb 2016 to 26 th March 2016	-0.09%
27 th Aug 2015 to 26 th Sept 2015	-0.04%	27 th March 2016 to 31 st March 2016	-0.10%

This will be communicated to our deferred Scheme members in August in the guidance notes accompanying their Deferred Benefit Statements.

Change to discount rate

The 2016 Budget took place on 16 March 2016. In the Budget, the Government announced that the discount rate used for valuing public service pension schemes had been reviewed and had reduced from 3.0% to 2.8%. The change will cause employer contributions in the unfunded public service pension schemes to increase from 2019/20 onwards.

However, the reduction in the discount rate also has immediate impacts – on the day of the Budget, the Government [published a technical note](#) confirming that the factors used for transfers paid from public service pension schemes, including the LGPS, would need to be reissued. We understand that it is not the Government's intention that this would affect Club transfers and the factors for Club transfers would remain the same. The guidance from the Government in respect of this matter confirmed that the new discount rate had immediate effect.

AA and LTA factsheets

The LGPC Secretariat issued two factsheets for members, covering the annual allowance and lifetime allowance respectively. The Fund have provided these to a number of Scheme members who may be affected by the changes. The factsheets provide a basic overview of the topics for interested members and also cover the following:

- the reduction in the lifetime allowance from £1.25mn to £1mn, fixed protection 2016 and individual protection 2016, and
- the alignment of the annual allowance period with the tax year, the transitional arrangements for 2015/16 and the introduction of the annual allowance taper.

The factsheets can be found on <http://www.lgpsregs.org/> on the E&W [Employees' Guides](#) page and also the Fund's website at <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/scheme-members/annual-allowances/>

EU referendum – counting officer fees

The LGPC Secretariat have confirmed that counting officer fees for the 24 June EU referendum are not currently pensionable under either the LGPS Regulations 2013 in England and Wales or the LGPS (Scotland) Regulations 2014 in Scotland.

Whereas in local and general elections, it is the 'returning officer' that fulfils the statutory functions set out in the relevant legislation, under the European Union Referendum Act 2015 it is the 'counting officer' which does so instead. Whilst the LGPS Regulations in both E&W and in Scotland provide for specific payments made to returning officers to be treated as pensionable, neither scheme provides for payments to counting officers to be treated as pensionable.

Revised Actuarial Guidance

Regulation 2(3) of the Local Government Pension Scheme Regulations 2013 provides that the Secretary of State may, after consultation with the Government Actuary's Department, issue actuarial guidance to administering authorities. Revised Actuarial Guidance was issued on 29 April 2016 on:

- Individual transfers
- Pension Credits on Divorce
- Pension debits on divorce
- Pensioner cash equivalents on divorce
- Early retirement
- Scheme pays/ Annual Allowance
- Trivial commutation
- Interfund transfers
- Purchase of Additional Pension
- AVC conversion to Additional Pension
- Inverse commutation
- Flexible Retirement
- LTA and limit on total amount of benefits

LGA have published these at <http://www.lgpsregs.org/index.php/dclg-publications/dclg-stat-guidance>.

The revised Early Retirement Reduction factors have been published on our website at <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/scheme-members/early-retirement/> - we are still awaiting confirmation of the revised Late Retirement factors.

Enterprise Act 2016

The Enterprise Bill received Royal Assent in May and is now the Enterprise Act 2016. The Act provides the legislative framework for the introduction of the £95k cap on public service exit payments which it is expected will become effective later this year, but no earlier than 1st October. We now await HM Treasury regulations which are due to provide further detail on how the cap will work in practice (and which will confirm the cap's implementation date). HM Treasury directions are also expected providing detail of the circumstances in which the cap may be relaxed by permitted bodies. We expect regulations to include local authorities as such permitted bodies having the power to relax the cap in certain circumstances.

Certification of LGPS for automatic enrolment

Following the cessation of contracting-out, the Occupational and Personal Pension Schemes (Automatic Enrolment) (Miscellaneous Amendments) Regulations 2016 introduced a new quality requirement for assessing whether a formerly contracted-out scheme can be deemed a qualifying scheme for automatic enrolment purposes. This is known as the Alternative Quality Test and provides the facility for Schemes who:

- a) ceased to be contracted-out on 5 April 2016, and
- b) whose rules have not been amended in a way that would mean that the Scheme would no longer satisfy the former contracting-out requirements

to obtain a written report from their scheme actuary to confirm the Alternative Quality Test is met.

Government Actuaries Department (GAD) have provided this certificate for both the LGPS in England and Wales and these are available online at <http://www.lgpsregs.org/index.php/resources/news-updates>

PLSA employer guides

At the Pensions and Lifetime Saving Association's (PLSA's) annual conference for local authorities in mid-May, the PLSA issued the first of a series of guides for employers participating in the LGPS:

- A guide for employers participating in the LGPS: An introduction to the LGPS for scheduled bodies
- A guide for employers participating in the LGPS navigating entry into the LGPS: for local government contractors

Both documents are available on the [PLSA's website](#). Later this year, the PLSA plan to issue further guides for employers, focusing on participating and leaving the scheme.

BCC Pension Fund's Administration Update

Updated Service Level Agreement

We have made a few changes to our SLA for 2016. These are listed below:

- Pg 5: LGPS contribution bands table header updated. Rates notified to all Employers in our March Employer newsletter
- Pg 6: note the new Starter spreadsheet now includes a field for "Work email address".
- Pg 20: Monthly contribution spreadsheet filenames updated to 2016/17. Spreadsheets for 2016/17 sent to all Employers in March
- Pg 21 & 22: Year End return summary updated. Process already notified to all Employers in our March Employer newsletter.
- Pg 25: Change to APC limit to £6,755 extra annual pension (annual revision)
- Pg 25, 28, 29 & 31: Updated website link to APC calculator, which is now hosted on the www.lgpsmember.org national member website.
- Pg 53: Revision to year-end process (flowchart inserted). 2015/16 process already notified to all Employers in our March Employer newsletter
- Pg 63: Revision to include updated Early Retirement Reduction factors (released 29 April 2016.)

Our updated SLA is available for download at <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/employers/employers-guides-forms-and-booklets/>

Starter spreadsheet

As a result of our member self-service facility, we now require work email addresses for all new starters so that we can set up their "my pension online" account access. The new starter spreadsheet is available from <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/employers/employers-guides-forms-and-booklets/> Please use the new spreadsheet with immediate effect.

Employer Training Event – 6 July or 8 July – Last few places remaining

Our next LGPS Employer training event is aimed at those members of staff dealing with the Employing Authority's responsibilities for Local Government Pension Scheme members. The training covers the Benefit Administration functions, including details of our procedures, what information we require and how we use this information. We will take a more in-depth look into the information we request from you and in what format we require the information to be provided. This will provide you with all the necessary guidance to enable you to complete our forms correctly. Please follow the instructions on the invitation emailed to you on 24 May to book your place.

Update on Year End

As advised in our March newsletter, we have revised our year-end process for 2015/16. To date, approximately 130 of our Employers have already received Annual Benefit Statements for their staff. This is a great achievement. As a reminder, the revised process is summarised below.

- We will submit Fund data to the Actuary for valuation purposes by 31 July 2016.
- Annual Benefit Statements (ABS) will be issued for members' records without any queries by 31 August.
- Once the first run of ABSs have been sent, from September Employer Liaison Officers (ELOs) will produce query spreadsheets and send these to the relevant Employer/payroll provider for resolution. Exact timings will depend on the size of the Employer's membership
- The ELO will state a deadline for replying to outstanding queries; Employers must respond promptly.
- We will periodically print further ABSs, by Employer, as their outstanding queries are cleared.
- Note: If outstanding queries are not resolved by 28 February 2017, the affected members will not be provided with printed Annual Benefit Statements by 31 March 2017.

Thank you again for your co-operation; our timescales are very tight this year.

Deferred Benefit Statements

This year we have worked with seven other LGPS Funds to produce a joint Deferred Benefit Statement mailing. As our combined order was so large, our Fund has made a good saving on last years' mailing. Our Fund's deferred benefit statements will reach all deferred members for whom we hold a current address by 31 August. Please be aware that you may receive an increase in requests for early payment of deferred benefits, as this is an Employer discretion.

Submission of Spreadsheets

Under the terms of our Service Level Agreement with you, starters, changes, CARE election and opt out spreadsheets should be sent to pensions@buckscc.gov.uk by the 15th of the month following the month the payroll action was taken. Monthly contribution spreadsheets should be sent to lqpsreturns@buckscc.gov.uk by the 19th of the month following the month the payroll action was taken.

We monitor the receipt of these spreadsheets and will be contacting Employers who are late with their submissions. The above deadlines ensure that all spreadsheets are processed by us within the regulatory time limits. If these deadlines are not met, fines may be imposed by the Pensions Regulator, who has administration oversight of the LGPS, and these fines will be passed on to the Employer.

SAVE THE DATE: BCC Pension Fund General Meeting 8 December

The Fund's General Meeting is held every three years in the autumn/winter of the year prior to the Fund valuation results being published. Reports are given on the performance of the Fund, benefit entitlements and details of any changes due to take place in the following year. The Fund's Actuary attends the meeting and there are opportunities for Employers to raise questions.

The Fund's General Meeting will take place on Thursday 8 December, from approximately 9am to 12pm at Green Park in Aston Clinton. Please save this date in your diaries. We will send more details on how to book your place nearer the time.

Automatic Enrolment

Please remember to email employers@buckscc.gov.uk with your organisation's Auto-enrolment staging date, or three year anniversary of your AE staging date. If you have any questions on auto-enrolment please do refer to the LGA's Automatic Enrolment guide (last updated 9 June 2016) at: <http://www.lqpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme>

TUPE transfers out and Academy conversions

Please remember to contact Marie Edwards, TUPE Liaison Officer, mpedwards@buckscc.gov.uk prior to any TUPE transfers that affect employees who are members, or who are eligible to be members of the LGPS. Marie deals with admission agreements and bulk transfers, and also deals with the LGPS pension rights of support staff working for schools converting to Academy status.

Independent Registered Medical Practitioners

Please remember to email employers@buckscc.gov.uk with contact details for the Independent Registered Medical Practitioners used by your organisation to provide medical opinions for Ill Health retirements. We need to contact IRMPs from time to time with revised guidance.

LGPS Employer Discretionary Policies

This is a standing item on our Employer newsletters. The 2014 Scheme contains a provision that Employer discretionary policies under the 2014 Scheme must be prepared, published and copied to the Pension Fund administering authority within three months of **1st April 2014**. Any subsequent revisions to the policies must be published and copied to the administering authority within one month of the change in policy.

Please be aware that all LGPS Employers **MUST** have a LGPS discretionary policy in place. Not only is this a regulatory requirement, but:

- Under revised CIPFA Guidance, we have to report on the number of Employers' LGPS discretionary policies we hold within our Pension Fund Annual Report
- We will not process any quotes for employers who have not submitted their LGPS discretionary policy.

The relevant discretions are:

- Whether to grant additional pension of up to £6,755 per annum (increased each April) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.
- Whether, where an active Scheme member wishes to purchase extra annual pension of up to £6,755 by making Additional Pension Contributions (APCs), to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).
- Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade.
- Whether, as the 85 year rule does not (other than on flexible retirement) automatically apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85-year rule back on for such members.
- Whether to waive any actuarial reduction on benefits paid early.

A guide is available from the national LGPS Regulations and Guidance page at:

<http://www.lgpsregs.org/index.php/guides/hr-guide-to-the-2014-scheme?showall=&start=20>.

If you haven't already done so, or if you are a new Employer in the BCC Pension Fund, please send your LGPS 2014 Employer discretionary Policies to employers@buckscc.gov.uk.

Distribution and feedback

Please ensure that relevant staff in your organisation, including your bursar / finance managers, HR managers **and your payroll provider(s)** receive this newsletter. We also welcome any feedback on the format and content of this newsletter so if you have any comments or suggestions, or would like to add or change any of the contact details on our distribution list, please email employers@buckscc.gov.uk