

# Agenda

## *PENSION FUND CONSULTATIVE GROUP*

**Date:** Thursday 11 March 2010  
**Time:** 10.00 am  
**Venue:** Mezzanine Room 2, County Hall, Aylesbury

<b>Agenda Item</b>	<b>Page No</b>
<b>1 APOLOGIES / CHANGES IN MEMBERSHIP</b>	
<b>2 MINUTES</b> of the meeting held on 9 October 2009 to be agreed	<b>1 - 6</b>
<b>3 VALUATION PREPARATION</b> Report from Chris Thompson, Principal Pensions Officer	<b>7 - 10</b>
<b>4 PENSIONS ADMINISTRATION PERFORMANCE</b> Report from Chris Thompson, Principal Pensions Officer	<b>11 - 14</b>
<b>5 PENSION ADMINISTRATION STRATEGY AND SERVICE LEVEL AGREEMENT</b> Report from Claire Lewis-Smith, Principal Pensions Officer	<b>15 - 76</b>
<b>6 DATE OF NEXT MEETING</b> The next meeting of the Pension Fund Consultative Group will be held on Thursday 14 October 2010 in Mezzanine Room 2, County Hall	
<b>7 EXCLUSION OF THE PRESS AND PUBLIC</b> To resolve to exclude the press and public as the following item is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)	
<b>8 FUND MANAGERS' PERFORMANCE TO 31 DECEMBER 2009</b> Report from Clive Palfreyman, Assistant Head of Finance and Procurement (Managed Services)	<b>77 - 88</b>



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## 9 FUND MANAGER PRESENTATION

Presentation from Aviva Investors

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If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

*For further information please contact: Maureen Keyworth on 01296 383603*

*Fax No 01296 382538, email: [mkeyworth@buckscc.gov.uk](mailto:mkeyworth@buckscc.gov.uk)*

### **Members**

Mr F Downes, Pension Fund Committee Representative (C)  
Mr R Atkins, Thames Valley Police Authority Representative  
Ms S Burgess, Admitted Body Representative - Heritage Care  
Ms A Cobban, People & Policy Representative  
Mr S Cox, Pensioner Representative  
Mr M Cross, Unison Representative  
Mrs J Eubank, Employee Representative  
Mr T Hannam, Milton Keynes Council  
Mr S Mason, Aylesbury Vale District Council Representative  
Mr J McMillan, Wycombe District Council Representative  
Mr C Palfreyman, BCC Finance Representative  
Ms T Pearce, Chiltern District Council Representative  
Ms M Shannon, South Bucks District Council Representative  
Ms L Turvey, Admitted Body Representative - Fremantle Trust  
Mr G Waghorn, Milton Keynes Council  
Vacancy, Employee Representative

# Minutes

## *PENSION FUND CONSULTATIVE GROUP*

**MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON FRIDAY 9 OCTOBER 2009, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 11.10 AM.**

### **MEMBERS PRESENT**

Mr F Downes, Pension Fund Committee Representative (Chairman)  
Mr S Mason, Aylesbury Vale District Council Representative  
Mr C Palfreyman, BCC Finance Representative  
Ms T Pearce, Chiltern District Council Representative  
Ms L Turvey, Admitted Body Representative - Fremantle Trust  
Mr G Waghorn, Milton Keynes Council  
Mr M Cross, Unison Representative  
Mr I Thompson, Thames Valley Police

### **OFFICERS PRESENT**

Ms C Perry, Principal Pensions Officer  
Ms K MacDonald, Democratic Services Officer

### **AGENDA ITEM**

#### **1. APOLOGIES / CHANGES IN MEMBERSHIP**

Apologies were received from Bob Atkins, Sue Burgess, Stuart Cox and John McMillan.

The Chairman reminded Members that the AGM is to be held on Thursday 15 October 2009, 10am, Green Park Conference Centre, Aston Clinton

#### **2. MINUTES**

The minutes of the meeting held on 19 March 2009 were agreed as a true record subject to the following amendment:

##### **Item 2 – Minutes**

First line should read “The minutes of the meeting held on 15 October 2008 were agreed,” not 2009 as stated.



### **3. QUARTERLY PERFORMANCE**

Members received the report of the Assistant Head of Finance, the purpose of which was to present the performance of the Pension Fund's fund managers for the second quarter of 2009.

During the three months ending 30 June 2009, the market value of the fund increased from £1,004m to £1,069m. The combined Fund achieved a gross return of 5.1% compared to its benchmark return of 6.6%, an underperformance of 1.5%. BlackRock, Blackstone, LGIM – passive and Mirabaud outperformed their benchmarks. Alliance Bernstein, Aviva Investors, Capital International, Pantheon Asia V and Pantheon Europe V, Pantheon Europe VI, Pantheon USA VII, Pantheon USA VIII and Standard Life have underperformed their benchmarks. Alliance Bernstein and Capital International are no longer Fund Managers for Buckinghamshire County Council.

The WM local authority data for the second quarter of 2009 is not yet available. After achieving a ranking of 29<sup>th</sup> for the first quarter, the Fund's annual, three years and five years rankings of 42, 38 and 45 respectively had improved compared to the previous quarter.

Underlying performance issues will be addressed when the Fund's revised Investment Strategy is implemented over the following months which has ensured flexibility is built into the process.

**The Group NOTED the Report and commented as appropriate.**

### **4. INVESTMENT STRATEGY UPDATE**

Members received the report from the Assistant Head of Finance the purpose of which was to inform Members of changes made to the Investment strategy following the OJEC tender process, where new Fund Managers were appointed and an asset transition exercise undertaken during September 2009.

Members were advised that robust discussions had been undertaken and that the Investment Strategy has increased alternative' asset types where it is believed that more value can be generated, increasing expected return without increasing risk. Global equity has increased and within the Global Equity mandates, the Investment Strategy reduces US equity exposures but increases emerging market exposures. The risk and benchmarks favourably with other LGPS funds.

Following a lengthy and intensive Fund Manager search, five new Fund Managers have been recruited. These are: Deutsche Bank, Investec, Partners Group, Royal London and Schroder. There are three Global managers who have different streams and styles, a Core Plus Bonds manager and a Private Equity Fund of Funds. By recruiting a higher number of managers than previously greater flexibility has been built into the new portfolio to enable the Fund to pre-empt and react to market conditions and manage performance more dynamically than previously. A transition manager will also be appointed.

The transition was completed on 16 September 2009 and costs were lower than expected. The new Private Equity Fund Manager has a 12 year minimum contract and will not be fully funded for the first 3-4 years. Members were informed that Legal and General, Active Bonds are no longer a Fund Manager but have been retained as a Passive Fund Manager.

A discussion took place around underperformance of Fund Managers.

The group discussed the basis of advice to not invest in UK Equity and it was commented that there was a view that the UK market was stagnating and that there was not a huge amount of value to be achieved. Conversely, it was highlighted that UK Equities can only invest in UK markets, although it was noted that many UK companies now have global exposures. In comparison Global Equities had greater flexibility as they were not prevented from investing in the UK market. Buckinghamshire has fewer bonds than some other organisations and less equity exposure.

**The Committee NOTED the Report and commented as appropriate**

## **5. DCLG CONSULTATION**

Members had received the report of the Assistant Head of Finance the purpose of which was to inform Members of the Pension Fund Administrating Authority's response to the informal consultation paper on the affordability, viability and fairness of the Local Government Pension Scheme (LGPS).

The Department for Communities and Local Government (DCLG) published the consultation on 25 June 2009 and Buckinghamshire County Council's response was received by the DCLG by the 30 September 2009 deadline.

The consultation takes the form of two papers although expected by 10 July 2009, the second paper is still yet to be published but is expected to cover benefits and administrative procedures. Due to the absence of the second paper the consultation response has led to a fragmented response which is to some extent incomplete.

Buckinghamshire County Council's response to the consultation expressed concern and disappointment that DCLG had not published the second consultation to enable a holistic reconsideration of LGPS scheme rather than taking a fragmented approach.

The authority expressed disappointment that following concerns outlined in its responses to the 2006 LGPS Reform consultation the 2008 resultant scheme did not resolve affordability issues. The view of Buckinghamshire is that the consultation focuses too heavily on the 2010 valuation. The authority supports the closer integration of the triennial valuation and Funding Strategy Statement. However Pension Fund Committees will become increasingly reliant on the robustness of actuarial methodologies. Currently, any actuarial valuation provides a funding estimation on one particular day every three years in accordance with a set of underlying assumptions which are not uniformly adopted across all LGPS funds. Small changes to the actuarial valuation can have a significant effect on contribution rates.

The consultation document suggests a move away from the 100% funding target, whilst the authority has support for the view it proposes that the 100% target is not realistic in the short term but must remain the long term goal.

The authority welcomes any acceptable proposals to increase Fund income and increasing contributions from higher paid employees is a feasible option provided remuneration will not be supplemented through alternative means.

A small reduction in contributions levels for lower paid staff is not supported, as for employees on Band 1 at the authority this would equate to approximately 80p per week which is not sufficient to encourage increased scheme membership.

In summary, the view of Buckinghamshire County Council is that more radical scheme affordability proposals need to be developed. Should significant cash shortfall be predicted the LGPS should critically review areas such as:

- Benefits for either current or future employees
- Dependant benefits and additional benefits

The second stage of the consultation is awaited which is expected to discuss benefits.

Members discussed the consultation document and raised concerns about being asked to comment in the absence of the second part of the consultation.

The Group was advised that Thames Valley Police Association had responded to the consultation and will forward Officers a copy for information.

**Members NOTED the response to the DCLG consultation and CONSIDERED what may be appropriate for a Fund Administrators Response for the second part of the consultation (yet to be published)**

## **6. CIPFA BENCHMARKING**

Members had received the CIPFA Benchmarking Club Report. Members were advised that each year data is supplied based on cost measures, workload measures, staff related measures and Industry Standard Performance Indicators. Data supplied includes the number of entrants to the scheme, early leavers, retirements and deaths; details of how calculations are processed; staffing information such as salary and pensions experience.

Members were referred to page 51 of the agenda showing cost per members and that this was lower than the Club average.

A Member referred to page 41 of the agenda in relation to the Communications to Members data and enquired if it was communicated to all Members. The Officer advised that it referred to statutory communications; usually the statutory annual benefits statements and highlighted that in Buckinghamshire some people could not receive communication by email. The Officer commented that it is a time consuming and expensive process, but that it was statutory. The Group were advised that there is a new system available, which may address these issues which the County will consider for the future.

Another Member enquired when the annual statements were due to be sent out and was informed that Officers are currently working on the statements and that in the main they should be sent out by Christmas.

The Officer was asked what the key points identified from benchmarking were and said that the total cost of Buckinghamshire's scheme is lower in comparison to other Local Authorities of similar size funds and demographic area. She highlighted that the data can also be useful for team structuring and workload.

**Members considered and commented on the summary data.**

## **7. ADMINISTRATION PERFORMANCE**

Members received the report of the Principal Pensions Officer.

Key points during June 2009 were:

- In June 2009, there were 25 new notifications of death and all initial death letters were sent out on the same day the Pensions Team was notified.
- The Pensions Team responded to 605 general queries of which 551 were responded to within the required 10 day period. The queries were generated both internally and externally.
- Of the 54 queries that were not dealt with within the 10 day turnaround, approximately half of there were as a result of responses being sent back by the relevant checker for amendment or recalculation. The remainder was due to the relatively high volume of queries.
- The Pensions Team were notified of 134 new leavers from the scheme (not including retirements), were requested to produce 122 estimates of retirement benefits (to both scheme members and scheme employers) and set up 84 new starter records.

The Officer referred Members to the graph on page 54 of the agenda and informed the Group that in April 2009 there was an increase in progress over target advising that due to a restructure the service was not able to recruit, which has distorted the figures slightly. A member of the benefits administration team was seconded into another part of the team and the benefits administration team has been one staff member short. Following the recruitment of a benefit administrator officer they will be part of the client officer team.

A Member commented that the figures for September 2008 were exceptionally high and enquired as to the reasons why September 2009 also appeared busy. The Officer advised that September is a busy month as deferred benefit assessments are sent out July/August an increase in questions are received. In addition, September follows the holiday season.

**The Group NOTED the performance statistics of the team.**

## **8. DATE OF NEXT MEETING**

The next meeting of the Pension Fund Consultative Group will be held on Thursday 11 March 2010 at 10.00am in Mezzanine Room 2.

Dates of future meetings. All meetings commence at 10.00am and will be held in Mezzanine Room 2.

14 October 2010

The Chairman asked if Members would be interested in Clive Palfreyman inviting Fund Managers to attend a future meeting. Members agreed.

**Action: Clive Palfreyman**

**CHAIRMAN**





# Pension Fund Consultative Group

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**Title:** 2010 Valuation Preparation

**Date:** 11th March 2010

**Author:** Principal Pensions Officer

**Contact officer:** Chris Thompson 01296 382833

**Electoral divisions affected:** n/a

## **Purpose of report:**

To draw PFCG's attention to the data requirements of Buckinghamshire County Council as Administering Authority in preparation for the 2010 Valuation of the Pension Fund as required under statute.

## **Recommendation**

### **Members are asked to:**

**PFCG are asked to NOTE the report and encourage compliance from employers, and their payroll contractors.**

### **A. Supporting information:**

- 1 Under Regulation 36 the Local Government Pension Scheme (Administration) Regulations 2008 Buckinghamshire County Council is required to obtain an actuarial valuation of the pension fund from which future employer contribution rates are set. The data that Buckinghamshire CC is required to supply to the Actuary in respect of each employee is derived from information supplied by each employer and it is vital that Pensions maintains accurate and up to date records.
  
- 2 For 2009/2010 each employer will be required to provide the following information in respect of each employee as part of the year end return:
  - NI Number
  - Surname
  - Forenames



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- Payroll reference
  - Date Joined Employer
  - Date Left (where applicable)
  - NI category
  - Reduced Rate NI
  - Contribution rate\*
  - Pension Contributions paid\*
  - Strike Contributions (where applicable)
  - NICO earnings (JE - what are these?)
  - Additional Contributions paid (where applicable)
  - Part Time Service Buy Back (where applicable)
  - Birth Date
- 3 In addition, to assist with the clearing of year end queries, and to limit the number of queries that have to be sent back to employers, each employer will be asked to provide the following information:
- Full Time Equivalent Basic Pay
  - Additional pay (actual) received
  - Contractual hours for 2009/2010
- 4 With the introduction in the 2008 regulations of the contribution bandings (ranging from 5.5% to 7.5%) pensions will again need to be provided with (where a change in banding has occurred) details of contributions paid and the relevant % contribution and the relevant date of any change. From this information Pensions will calculate membership and a pensionable pay figure for each employee. Queries will be raised where there has been a decrease in pensionable pay when compared with the previous year or an increase in pay of more than 10% when compared with previous years.
- 5 The pay and membership calculated from the year end exercise will be provided to the Actuary to enable the actuarial valuation to take place.
- 6 Factors which could affect the calculation of membership and pay:

**Change in hours:** Will affect both membership and the pay calculated. Membership for a part time employee is a pro rata amount of the calendar length of membership determined by the hours worked. An incorrect record of a member's hours of employment could result in too much membership being recorded, which in turn would increase the scheme's liabilities and may result in a higher than necessary employer contribution rate.

**Leave of absence:** All details of leave of absence (paid and unpaid) should be notified to Pensions. An incorrect record could result in too much membership being recorded, which in turn would increase the scheme liabilities and may result in a higher than necessary employer contribution rates.

**Leavers:** The Actuary will assess future liabilities being accrued based on the membership and pay records as provided by Buckinghamshire County Council, and assuming that a member continues to accrue benefits at the same rate as at valuation date. It is vitally important therefore that all leavers are notified to BCC (as per Service Level Agreement) to prevent future liabilities being over assessed and employer contributions being set at a higher than necessary rate.

**Starters:** As with leavers the Actuary will assess future liabilities based on membership and pay records provided as at the valuation date (31/03/2010). It is therefore vitally important therefore that all new starters are notified to BCC (as per SLA) to ensure employer contribution rates are set correctly.

- 7 The information required from each employer is to ensure accurate data is supplied to the Fund Actuary. BCC must ensure this data is sent by the end of August 2010 to enable the fund valuation to take place. The impact the results from the 2010 valuation will have on the future shape of the LGPS.

**B. Other options available, and their pros and cons**

N/A

**C. Resource implications**

The Pensions Administration team is funded by the Pension Fund. Year End processes generate significant numbers of queries for the Pensions Team and Employers (in excess of 3,500 queries were generated from the 2008/2009 process). Many of these were as a result of information as detailed above not being supplied to the Pensions Team. Provision of information on a regular monthly basis as per the SLA will reduce the number of year end queries and reduce the pressure on both employers and the County Council. This will be especially important in valuation year as all year end queries will need to be resolved by **30 June 2010**. The Pensions Team is currently planning to restructure and strengthen the team that deal with year end queries and employer liaison to ensure that year end queries are resolved as quickly as possible and ensure that the Actuary determines the quality of Buckinghamshire's data remains 'excellent'

**D. Legal implications**

It is a statutory obligation for the County Council to provide a Pensions Service on behalf of Scheme employers. The County Council has a statutory obligation to obtain from the Fund Actuary a valuation report and rates and adjustments certificates every three years starting 31 March 2010.

**E. Other implications/issues**

There are none.

**F. Feedback from consultation and Local Member views**

None



# Pension Fund Consultative Group

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<b>Title:</b>	<b>Pensions Administration Performance</b>
<b>Date:</b>	<b>11 March 2010</b>
<b>Author:</b>	<b>Principal Pensions Officer</b>
<b>Contact officer:</b>	<b>Chris Thompson 01296 382833</b>
<b>Electoral divisions affected:</b>	n/a

## Summary

The Pensions Administration Team have a customer charter (<http://www.buckscc.gov.uk/bcc/content/index.jsp?contentid=-1901867351>) outlining their commitment to turning work around within certain timescales. All post, emails and other requests for information are logged daily and reported monthly to monitor the percentage of work that is not completed within the prescribed time limits.

Details of the work performance statistics for the last 12 months to February 2010 are presented below. The Pension Fund Consultative Group are required to monitor the performance of the Pensions Administration Team.

## Recommendation

**PFCG are asked to NOTE the performance statistics of the team.**

### **A. Supporting information:**

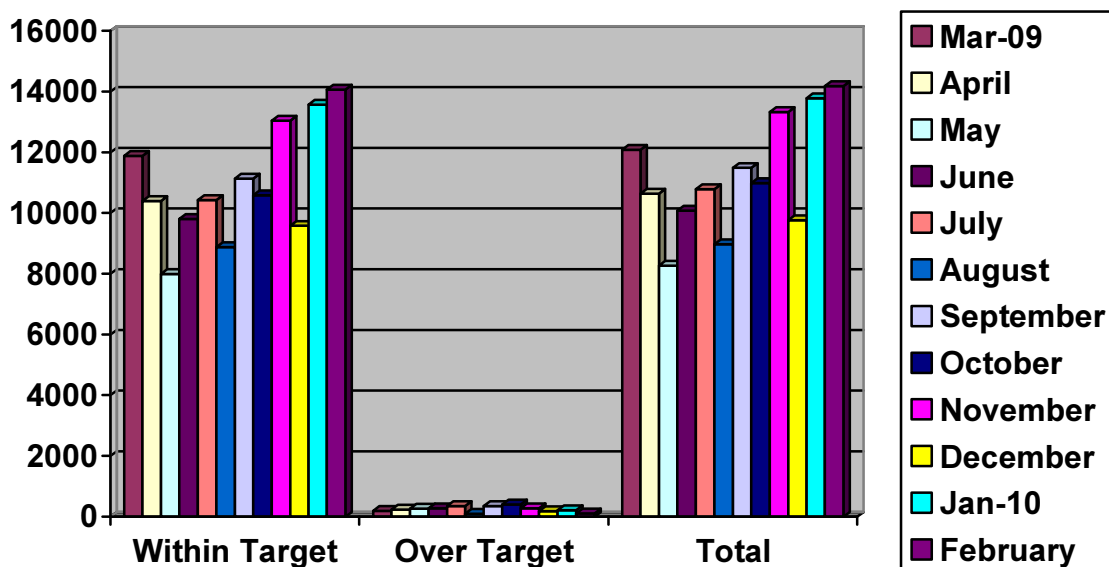
Workload statistics for the year to February 2010 are presented below:



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	Within Target	Over Target	Total	% over target
March 2009	11888	197	12085	1.63%
April	10398	237	10635	2.23%
May	7999	272	8271	3.29%
June	9802	278	10080	2.76%
July	10429	356	10785	3.30%
August	8878	100	8978	1.11%
September	11139	356	11495	3.10%
October	10582	409	10991	3.72%
November	13046	281	13327	2.11%
December	9579	185	9764	1.89%
January 2010	13577	211	13788	1.53%
February	14069	110	14179	0.78%



In addition to the normal daily work, the Pensions Team are in the process of issuing annual benefit statements to current employees of Thames Valley Police, Milton Keynes Council and Buckinghamshire County Council.

The large increase in the number of tasks being completed in January and February 2010 can be attributed to additional resource being applied to clear year end queries for Buckinghamshire County Council as an employer. In January 1240 year end tasks were cleared by the pensions team. In February this figure was 1113.

To provide more qualitative data, two procedures have been selected for the month of November 2009. 69 redundancy quotes were calculated in November. Of these, one quote was processed outside of the time limit from receipt of the initial request. This was as a result of awaiting confirmation from the employer that they were happy to accept the cost (£10 plus VAT) of providing the estimate as more than two estimates had been requested in the previous calendar year.

In November 2009, 109 new pensioner payroll records were created on the pensions payroll system. Of these 9 were set up outside of the set time limits. In all cases this was due to the pensioner payroll system being closed for processing of the monthly payroll.

To give an indication of volumes of other work, in November 427 new starters were set up on the pensions administration system. Compared to new starters we received 110 elections to opt out of the scheme, representing approximately 25% of new starters. The section also responded to 577 queries.

**B. Other options available, and their pros and cons**

N/A

**C. Resource implications**

The Pensions Administration team is funded by the Pension Fund.

**D. Legal implications**

It is a statutory obligation for the County Council to provide a Pensions Service on behalf of Scheme employers.

**E. Other implications/issues**

There are none.

**F. Feedback from consultation and Local Member views**

None





# Pension Fund Consultative Group

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**Title:** Pension Administration Strategy

**Date:** 11 March 2010

**Author:** Claire Lewis-Smith

**Contact officer:** Claire Lewis-Smith; 01296 383713

**Electoral divisions affected:** n/a

## Summary

### **Purpose of report:**

In accordance with updated LGPS Regulations, the Administering Authority is encouraged to develop an Administration Strategy and consult on the draft document. Discussion at PFCG is the first stage of consultation prior to consultation with all employers. The Service Level Agreement is being updated also.

### **Recommendation**

**That the Pension Fund Consultative Group provides feedback on the attached Pension Administration Strategy (Appendix I) and SLA (Appendix II) which is planned to become effective from 1 June 2010.**

### **A. Supporting information:**

Administration of the Buckinghamshire County Council Pension Fund consists of two main elements – dealing with scheme members and participating employers and managing the Fund's investments.

The administrative arrangements for the Fund's investments are set out primarily in the Statement of Investment Principles (SIP) as well as in formal agreements with investment managers, custodians and other service providers. This report deals with the administrative arrangements for the administration service element of the Fund's business.

The day-to-day arrangements between the administering authority and participating employers in the fund have been established over many years and whilst these arrangements have



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operated broadly satisfactorily, there is an advantage in formally setting out the requirement of both Buckinghamshire County Council as the Administering Authority and participating employers in the Fund in a single document.

This approach is facilitated by the Local Government Pension Scheme (Administration) Regulations 2008 which encourages the approval of a Pension Administration Strategy and sets out the matters that may be included such a Strategy.

**B. Other options available, and their pros and cons**

N/A

**C. Resource implications**

The Strategy will be an important tool in managing and improving the administrative performance of the fund, enabling efficiencies that should keep down future expenditure.

**D. Legal implications**

N/A

**E. Other implications/issues**

N/A.

**F. Feedback from consultation and Local Member views**

None. This presentation forms part of the consultation.

**Background Papers**

Regulation 65 of the Local Government Pension Scheme (Administration) Regulations 2008.

<http://timeline.lge.gov.uk/LGPS2008Regs/SI20093150/20080239.htm#reg65>



# **Buckinghamshire County Council Pension Fund Pension Administration Strategy**



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## Introduction

With 3.5 million members, the Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. The Buckinghamshire County Council Pension Fund has in excess of 150 employers with over 50,000 scheme members in total.

[http://www.buckscc.gov.uk/bcc/pensions/employers/contribution\\_rates.page?](http://www.buckscc.gov.uk/bcc/pensions/employers/contribution_rates.page?)

The LGPS is a nationwide scheme and is a valuable part of the pay and reward package for employees working in local government or working for other employers participating in the scheme. Success in promoting the scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and participating employers, and the participating employers and their employees.

Good quality administration and communication assists in the overall promotion of the scheme and reminds employees of the value of the LGPS, which in turn aids recruitment, retention and motivation of employees. Providing employees with confidence in the administration of their benefits, in a scheme with ever increasing complexity, is a challenge facing both administering authorities and participating employers.

The Local Government Pension Scheme (Administration) Regulations 2008, as amended, enables an administering authority to prepare a written statement to assist the administering authority and participating employers in working together to provide a high quality service to all parties. This document sets out the pension administration strategy of Buckinghamshire County Council as the administering authority of the Buckinghamshire County Council Pension Fund, after consultation with the Fund's Pension Fund Consultative Group.

The aim of the strategy is to detail the procedures for liaison and communication, and to establish levels of performance for both the administering authority and participating employers. It endeavours to promote good working relationships, provide transparency and improve efficiency and quality. It specifies how performance levels will be monitored and action that can be taken if targets are not met.

The strategy is effective from 1 June 2010. Any enquiries in relation to this strategy should be sent to:

Principal Pensions Officer (Governance & Employer Liaison)  
Buckinghamshire County Council  
Pensions Section  
County Hall  
Aylesbury  
HP20 1UD

## Regulatory Framework

Regulation 65 of The Local Government Pension Scheme (Administration) Regulations 2008 enables an administering authority to prepare a written statement of the authority's policies in relation to the following:

- Procedures for liaison and communication with its participating employers.
- The establishment of levels of performance which the administering authority and its participating employers are expected to achieve in carrying out their scheme functions by:
  - the setting of performance targets
  - the making of agreements about levels of performance and associated matters, or
  - such other means as the administering authority considers appropriate
- Procedures which aim to ensure that the administering authority and its participating employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication of information relating to those functions by an administering authority and its participating employers.
- The circumstances in which an administering authority may consider giving notice to any of its participating employers on account of that employer's unsatisfactory performance in carrying out its scheme functions when measured against levels of performance prescribed in the Service Level Agreement (SLA).
- Such other matters as appear to an administering authority to be suitable for inclusion in the strategy.

Regulation 65(3) states that an administering authority must keep the strategy under review and make appropriate revisions following any material change in its policies in relation to any matters contained within the strategy.

When preparing, reviewing or making revisions to the strategy an administering authority must consult participating employers and any other persons it considers appropriate.

Under Regulation 65(6) the strategy must be published and a copy issued to all relevant participating employers and the Secretary of State. In addition, an administering authority must notify these parties should the strategy be revised.

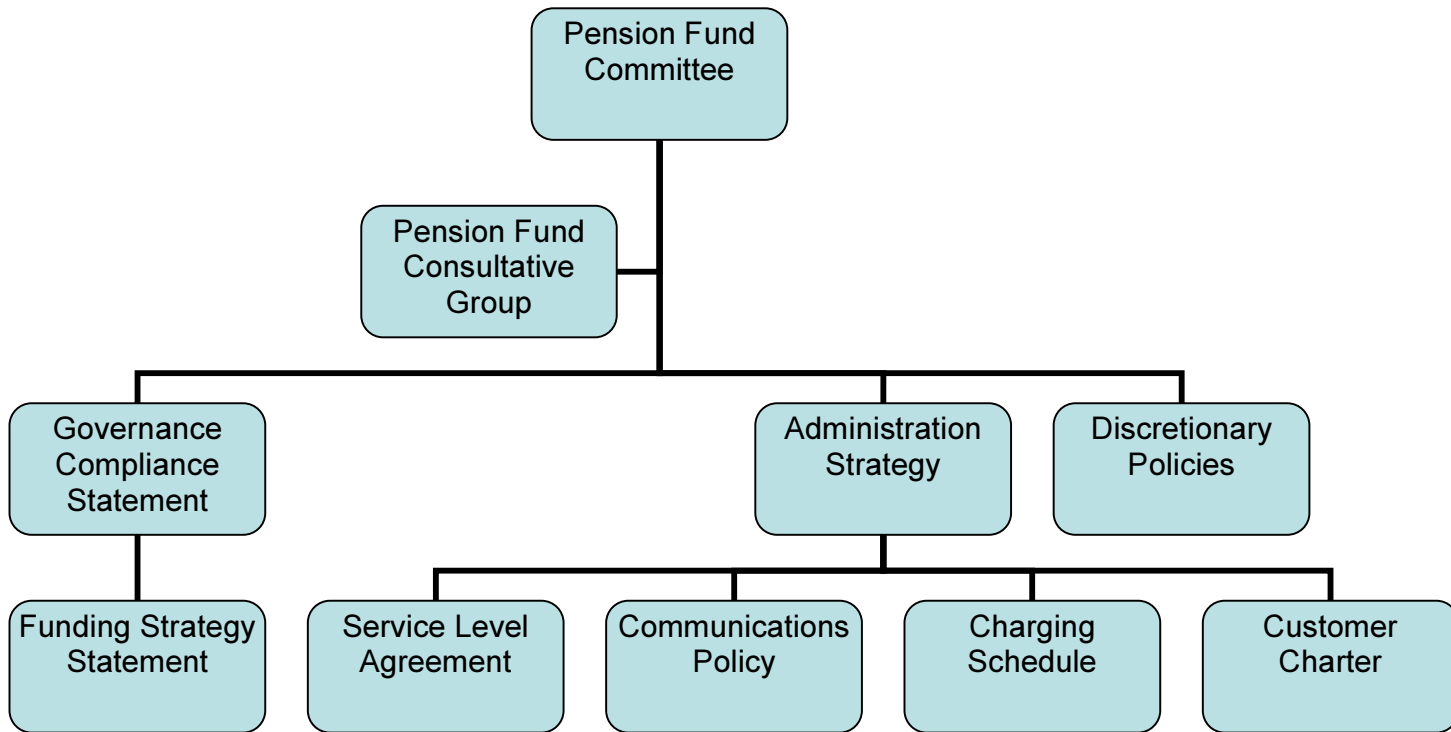
In preparing, reviewing or making revisions to the policy, an administering authority must consult its participating employers. This will be carried out via direct mailing, employer newsletters or the Pension Fund Consultative Group (PFCG).

Full regard must be given to the strategy by both an administering authority and participating employers when performing their functions under the LGPS Regulations.

Regulation 43 of the Administration Regulations permits an administering authority to recover additional costs from a participating employer, where in the administering authority's opinion; they are as a result of the participating employer's poor performance in carrying out its functions under the LGPS Regulations. Should the situation arise, an administering authority may give written notice to the participating employer stating the reasons why, in the administering authority's opinion their performance is poor, the amount of additional costs to be recovered and the basis on which the specified amount has been calculated.

Taking into the account the regulatory framework, this strategy details the requirements in accordance with Regulations 43 and 65 of The Local Government Pension Scheme (Administration) Regulations 2008 and lays the foundation of the day to day relationship between Buckinghamshire County Council as the administering authority and the participating employers of the Buckinghamshire County Council Pension Fund.

The following diagram demonstrates the relationship between the statutory requirements of the Buckinghamshire County Council Pension Fund and its associated policies:





## **Responsibilities and Procedures**

### **1. Procedures for liaison and communication with participating employers**

Delivery of a high quality administration service does not rest solely with the administering authority but is highly dependant on effective partnership working with participating employers and other statutory and advisory bodies.

This strategy takes account of participating employers' current pension knowledge, perception of current administration standards and specific training needs to ensure the required standard can be met.

Procedures for liaison and communication between the Buckinghamshire County Council Pension Fund and participating employers are contained within the Buckinghamshire County Council Pension Fund's Communication Policy.

[http://www.buckscc.gov.uk/bcc/pensions/comms\\_policy.page?](http://www.buckscc.gov.uk/bcc/pensions/comms_policy.page?)

#### **1.1. Procedures for improving communication between the administering authority and participating employers**

Effective communication between all parties concerned reduces errors, improves efficiency and nurtures better working relationships. Where performance monitoring shows there is cause for concern, the Principal Pensions Officer (Governance & Employer Liaison) will work closely with the participating employer to improve any weaknesses.

##### **1.1.1. Newsletters**

In addition to the quarterly employer newsletter, which notifies participating employers of scheme changes, fund performance and general scheme information, a performance newsletter will be issued twice yearly to coincide with the PFCG meetings highlighting areas where attention is needed.

##### **1.1.2. Training**

Buckinghamshire County Council as the administering authority will provide training and support to any participating employer where major issues are identified. At any time a participating employer may request an ad-hoc training session for which a charge may apply.

### **1.1.3. Website**

The Buckinghamshire County Council Pension Fund website is reviewed and updated on a monthly basis. The website has relevant information for participating employers regarding scheme changes and all relevant policies agreed by the administering authority are published on the site. All employer newsletters are also available. The website address is *tbc*

## **1.2. Establishing levels of performance**

### **1.2.1 Performance Standards**

In relation to the entitlement of scheme members, the LGPS stipulates that certain decisions are to be made by either the administering authority or participating employer. In order to fulfil these requirements and also comply with disclosure legislation, Buckinghamshire County Council as the administering authority has agreed levels of performance between itself and participating employers prescribed under a SLA, attached as Appendix A to this strategy.

### **1.2.2. TUPE Transfers**

Any existing participating employer planning a contract likely to involve a TUPE transfer of staff should contact their Employer Liaison Officer at the earliest opportunity. The Employer Liaison Officer will provide a guide detailing all of the options available to the participating employer, the process to be followed if Admitted Body status is required and the relevant charges that may apply including Actuary fees and Bond requirements.

### **1.2.3. Overriding legislation**

In discharging their roles and responsibilities under the LGPS Regulations, the administering authority and participating employers are required to comply with overriding legislation such as:

- Pensions Act 1995 and associated disclosure legislation;
- Freedom of Information Act 2000;
- Age Discrimination Act 1998;
- Data Protection Act 1998;
- Disability Discrimination Act 1995;
- Finance Act 2004; and
- Health and Safety legislation.

The above are minimum requirements and in addition to these there are also local standards and best practice outlined below.

### **1.2.4. Internal Standards**

These are standards detailed in the SLA and include:

- Compliance with all requirements in the SLA;
- Provision of information or notifications in the required format using forms/spreadsheets where relevant as provided in the SLA;
- All information or notifications to be legible and accurate;
- Communications to be in plain language
- Information provided to be checked for accuracy by another member of staff;
- A nominated pensions contact within each participating employer; and
- Information provided or decisions made within the timescales contained within the SLA.

#### **1.2.5. Timeliness**

Overriding legislation dictates minimum standards required in relation to certain actions, decisions and information to be provided by an administering authority and participating employers. In addition to these minimum standards the Buckinghamshire County Council Pension Fund has local performance measures to be met and which are used for monitoring purposes. These measures are contained within the SLA.

#### **1.2.6. Data quality**

In order to meet the targets set out in the SLA it is imperative that the data provided by participating employers is accurate. Data should be provided using the forms and spreadsheets provided with the SLA. This will ensure member records are correct and will enable the administering authority to submit accurate data as part of the triennial valuation. The administering authority will apply data quality control and review processes.

#### **1.2.7. Employer Liaison Officers**

Each participating employer will be allocated a specific Employer Liaison Officer as their main point of contact regarding any aspect of administering the LGPS.

## **2. Procedures for ensuring compliance with statutory requirements and levels of performance**

Ensuring compliance is the responsibility of the administering authority and participating employers. The administering authority will work with its participating employers to adhere to all the appropriate legislation and provide support to ensure quality and timeliness of provision of data is continually improved. Various methods will be used to ensure compliance and service improvement such as:

### **2.1. Audit**

The Buckinghamshire County Council Pension Fund will be subject to an annual audit of its processes and internal controls, with the County Council's Regulatory and Audit Committee applying scrutiny to the Fund. Both the administering authority and participating employers will be expected to comply with requests for information from internal and external auditors in a timely manner. Any subsequent recommendations will be implemented into the appropriate document.

### **2.2 Performance monitoring**

The administering authority will report on each participating employer quarterly against specific tasks outlined in the Service Level Agreement. The administering authority will also monitor its own performance in accordance with the SLA and report outcomes to the Pension Fund Consultative Group. The Chartered Institute of Public Finance and Accountancy (CIPFA) Benchmarking will also be used to monitor performance.

### **2.3. Employer liaison meetings**

Meetings with a member of the Employer Liaison Team and each participating employer will take place at least once during the triennial valuation period to review performance against targets and the quality of data exchange. More frequent meetings will be arranged for larger employers or where deemed necessary by either party.

### **2.4. Pension Fund Consultative Group**

Regular reports on performance and other associated matters will be discussed at the Pension Fund Consultative Group (PFCG) at its twice yearly meetings.

### **2.5. Pension Fund Committee**

The PFCG and the Pensions & Investments Team are ultimately accountable to the Pension Fund Committee (PFC). Any participating employer may be asked to attend a committee meeting for a particular purpose. The PFC's Terms of Reference can be found at:

[http://www.buckscc.gov.uk/assets/content/bcc/docs/policy\\_plans\\_performance/constitution/constitution\\_3h\\_pension\\_fund\\_committee.pdf](http://www.buckscc.gov.uk/assets/content/bcc/docs/policy_plans_performance/constitution/constitution_3h_pension_fund_committee.pdf)

## **2.6. Valuation**

The Buckinghamshire County Council Pension Fund is subject to a triennial full valuation of its assets in accordance with the LGPS Regulatory Framework. Interim mini-valuations may also be undertaken at the discretion of the Pension Fund Committee. Both the administering authority and participating employers will be expected to comply with requests for information from the Actuary in a timely manner.

## **2.7. Year End and Annual Benefit Statements.**

Annual year end processes will be circulated to all participating employers in a timely manner and be accompanied by a year end timetable which should be complied with. Outline details are within the SLA. Annual Benefit Statements will be sent to all participating employers by 31 March the following year for circulating to Scheme members. Further details on Annual Benefit Statements are outlined in the Communications Policy.

## **2.8. Treasury Management**

A service level agreement exists between Buckinghamshire County Council's Treasury Management Service and the Pensions Team which is approved by the Pension Fund Committee.

## **Circumstances where the administering authority may levy costs associated with a participating employer's poor performance**

Routine and cyclical activity is not directly charged to a participating employer.

Any additional costs incurred by the administering authority as a direct result of poor performance will be recovered from the participating employer or third party service provider. The circumstances where additional costs will be recovered include:

- Constant failure to provide relevant information to the administering authority, scheme member or other relevant party in accordance with the Service Level Agreement;
- Failure to pass relevant information to the scheme member or potential members due to poor quality or within the prescribed timescale;
- Failure to deduct and pay over correct employee and employer contributions to the Buckinghamshire Pension Fund within the prescribed timescales; and
- Payment of fines being levied on the administering authority due to an participating employers under-performance by the Pensions Regulator, Pensions Ombudsman or any other regulatory body.

**The administering authority may also charge for other services. Details of all the charges that apply are detailed at Appendix B.**

## Procedures to address poor performance

The Principal Pensions Officer (Governance & Employer Liaison) will work with a participating employer at the earliest opportunity should they be failing to meet the requirements of the performance levels required under the SLA and ultimately this strategy. They will identify any underlying issues and assist any necessary training and development required to address the performance.

Steps to recover additional administration costs will only be taken where persistent failure occurs after intervention and support has been offered and undertaken by the Principal Pensions Officer (Governance & Employer Liaison). These steps will only be implemented once all opportunity to address performance issues are exhausted. The steps to be taken in these circumstances are:

- The participating employer will be written to setting out the areas of poor performance
- A meeting will be arranged with the participating employer to discuss the poor performance and to formulate a plan on how to address those areas
- Where a participating employer does not agree to a meeting or does not show improvement in line with action agreed during the meeting, a formal notice will be issued. This will detail the areas of poor performance identified, the steps taken to resolve those areas and that the additional costs will be recovered;
- The costs to be recovered will be clearly set out taking into account the time taken by the administering authority to resolve the specific area of poor performance; and
- Make the claim against the participating employer, giving reasons for doing so, in accordance with the Regulations.

Administering Authority poor performance will be reported to the Pension Fund Committee via the Pension Fund Consultative Group if applicable. Performance is monitored against the SLA and Customer Charter ([Customer Charter](#))

## Review Process

The administration strategy will be reviewed every 3 years unless circumstances dictate more regular review is required. The current version of the administration strategy will be available on our website [www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions) under Policies and hard copies will be made available on request.

Buckinghamshire Pension Fund  
County Hall  
Aylesbury  
Buckinghamshire  
HP20 1UD  
01296 383755  
[pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk)  
[www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)



## Appendix A

**SLA to be inserted when agreed**

## Appendix B

<b>Charging Schedule</b>		
1	Failure to notify BCC of new starters by the 15 <sup>th</sup> of the month following the month payroll action was taken	£50
2	Failure to notify BCC of a change in hours or a change in member's address by the 15 <sup>th</sup> of the month following the date where payroll action was taken	£50
3	Failure to notify BCC of unpaid leave, maternity leave or strike breaks by the 15 <sup>th</sup> of the month following the month in which payroll action was taken	£50
4	Failure to notify BCC of any member leaving by the 15 <sup>th</sup> of the month following the month in which the member left	£50
5	Failure to notify BCC of any retirement within 3 weeks of the member's retirement date	£50
6	Where as a result of the Employer's/Payroll Providers failure to notify BCC of a retirement interest becomes payable on any lump sum or death grant paid, BCC will recharge the total amount of interest to the Employer/Payroll Provider	Interest calculated in accordance with Regulation 44 of the LGPS (Administration) Regulations 2008
7	Failure to notify BCC of the death in service of a member within 10 working days of notification	£50
8	Failure to pay over monthly contributions to BCC by the 19 <sup>th</sup> of the month following deduction of the contributions	Interest calculated on a daily basis equal to the Bank of England Base rate plus 1%
9	Failure to provide BCC with the annual year end return by 30 April	£50 per working day from 1 May to date return is received
10	Failure to respond to requests for Year-end information to resolve queries within the prescribed time	£50
10	Estimate requests in excess of two required in a rolling year	£10 per plus VAT per additional request

12	Other non-standard work	Charge dependant on time taken and Officer undertaking the work
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## Notes to the Charging Schedule

- 1 Notifications of new starters must include all of the information detailed in the New Entrants to the Scheme section of the SLA.
- 2 Notifications of changes in hours and address must include all of the information detailed in the Changes section of the SLA.
- 3 Notification of any unpaid leave, maternity leave or strike breaks must include all of the information detailed in the Unpaid Leave section of the SLA.
- 4 Notifications of leavers must include all of the information required on the 'Notification of Employee Leaving Early form, detailed in the Leavers section of the SLA.
- 5 Notifications of retirements must include all of the information required on the 'Notification of Employee Leaving where Pension Benefits will be Paid' form, detailed in the Retirements section of the SLA.
- 6 Regulation 44 of the LGPS (Administration) Regulations 2008 states that interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests. If late payment of a lump sum or death grant occurs as a result of a failure by the scheme member to provide information to the pension team, the pension fund will be liable for the payment of any interest due.
- 7 Notification of a death in service must include all of the information required on the 'Notification of Employee Leaving where Pension Benefits will be paid' form, detailed in the Death in Service section of the SLA.
- 8 Requirements regarding payment of monthly contributions are set out in the Monthly Contributions section of the SLA.
- 9 Requirements regarding submission of the annual return are set out in the Year-end Return section of the SLA.

**Late notifications will only be reported where the standards set out in the SLA have not been met as a result of the participating employer's failure to meet the required standards.**





**Roles and responsibilities of  
Participating Employers**

**(‘the Employer’)**

**& Third Party Payroll Providers**

**(‘Payroll Provider’)**

**and**

**The Administering Authority**

**(‘BCC’)**

**in relation to administration of the**

**Local Government Pension Scheme 2008 for the**

**Buckinghamshire Pension Fund**

**Effective Date: 1 June 2010**



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## Summary Actions

Topic	Pg	Employer/Payroll Provider Action	BCC Action
New entrants	5-7	<p>Automatically enter an eligible employee into the LGPS from the first day of employment</p> <p>Employer/Payroll Provider will send the spreadsheets to BCC by email to <a href="mailto:pensions@buckscc.gov.uk">pensions@buckscc.gov.uk</a> by the 15<sup>th</sup> of the month</p>	Set up a pension record and issue a statutory notification within 6 weeks
Changes	8	On a monthly provide a spreadsheet to BCC by email to <a href="mailto:pensions@buckscc.gov.uk">pensions@buckscc.gov.uk</a> detailing all relevant changes	Update the member's record and issue a statutory notification within 6 weeks
Reduction in Pay	9	Keep payroll data for 10 years	Use the pay notified to them
Monthly Contributions	10	<p>Submit both employee and employer contributions to BCC by the 19<sup>th</sup> of the month following deduction</p> <p>The spreadsheet should be emailed to <a href="mailto:treasury@buckscc.gov.uk">treasury@buckscc.gov.uk</a></p>	Check the monthly return form and allocate contributions within 6 weeks of receipt
Year-end Return	11	Email the annual return to <a href="mailto:pensions@buckscc.gov.uk">pensions@buckscc.gov.uk</a> no later than 30 April and the subsequent deadlines within the Year-end timetable adhered to	Upload the data and adhere to the subsequent deadlines within the Year-end timetable

Additional Contributions	12-13	Commence, change or cease AVC deductions and pay the monthly contributions to the AVC provider no later than the 19 <sup>th</sup> of the month following deduction  Commence, change and cease ARC deductions and pay over these amounts along with the regular monthly contributions	Notify the Employer/Payroll Provider of AVCs commencing  Notify the Employer/Payroll Provider of ARCs commencing, changing or ceasing
Opt-outs	14	Action a request to opt-out and take the necessary refund/leaver action	Forward an opt-out form, email or letter to the Employer/Payroll Provider
Unpaid Leave	15-16	Deduct contributions on any mandatory periods and assess arrears on any optional periods and email the spreadsheet to <a href="mailto:pensions@buckscc.gov.uk">pensions@buckscc.gov.uk</a>	Update the member's record and issue a statutory notification within 6 weeks
Estimates	17	Email Employer Request for Estimate of Retirement Benefits" form to <a href="mailto:pensions@buckscc.gov.uk">pensions@buckscc.gov.uk</a>	Will provide estimate of benefits within 10 working days of receipt
Leavers	18	Email a completed leaving form by the 15 <sup>th</sup> of the month following the month in which the member left.	Will notify the member of their benefits within 20 working days of receiving the leaving form
Retirement	19-21	Email a completed retirement leaving form and any required certification to BCC at least 3 weeks before a member's retirement date.	Calculate the pension benefits and write to the member detailing their options within 10 working days.
Death in Service	22	Obtain certification if possible and email the appropriate leaving form to BCC within 10 working days of the Employer/Payroll Provider receiving notification of the member's death.	Calculate the benefits due and write to the next of kin within 10 working days.



## **Service Level Agreement**

### **Agreement between**

The Pensions Section of Buckinghamshire County Council ('the provider') and XXXX ('the user') for pension services for the period 1 June 2010 to 31 May 2011.

### **Specification**

The services to be provided, agreed with the user are described in the specifications.

### **Contact point for queries**

#### **Provider**

Pensions & Investments Manager  
Buckinghamshire County Council  
Pensions Section  
County Hall  
Aylesbury  
HP20 1UD  
01296 383755  
[pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk)

#### **User**

XXXX

Signed: Clive Palfreyman

Title: Assistant Head of Finance (Managed Services)

Date: XXXX

Signed: XXXX

Title: XXXX

Date: XXXX

## **General Conditions and Services**

### **1. Basic Agreement**

#### **1.1 Service Level Agreement between ‘the user’ and ‘the provider’**

‘The user’ requires the provision by ‘the provider’ of the services listed herein conforming to the standards specified in this document.

#### **1.2 Definitions**

The Participating Employer or Third Party Payroll Provider is hereafter known as ‘the user’ or ‘Employer/Payroll Provider’.

Buckinghamshire County Council is hereafter known as ‘the provider’ or ‘BCC’.

#### **1.3 Period of Agreement**

This Agreement shall remain in force for a period of one year from 1 June 2010, unless otherwise specified.

Variation of individual clauses and/or performance standards during the term of the Agreement must be agreed in writing between both parties and, when agreed, shall then become part of the original Agreement.

#### **1.4 Indemnity**

BCC indemnifies the user against any claims or loss of income or additional expenditure resulting from the proven negligence of BCC or its officers or any agent or company employed by BCC in the performance of services under this Agreement.

#### **1.5 Monitoring and Review**

Meetings shall be held by BCC and the user to monitor and review this Agreement as necessary.

In the event that BCC fails, except due to events outside its control, to provide a service in accordance with the Service Level Agreement, including any deadlines therein, it shall meet any reasonable cost or loss incurred by the user, its staff or scheme members.

#### **1.6 Arbitration**

In the event of a dispute as to performance, or interpretation of any clause of this Agreement, the matter shall be referred to an independent person with a financial qualification who shall be appointed with the agreement of the parties of this Agreement and whose decision will be binding on both parties.

## New Entrants to the Scheme

All new employees under the age of 75 should be brought into the pension scheme immediately, EXCEPT FOR:

- Casual workers where there is no mutuality of obligation. This group of workers are not eligible to join the scheme.

Fixed term contracts of less than 3 months. This group of workers are not eligible to join the scheme. If their contract is extended to take them over 3 months, they must be brought in from their next pay day. If you are a Part 1 Scheduled body you must offer the member the option to backdate their membership to the date they started their employment. If you are a Part 2 Scheduled body or an Admitted body the employee cannot backdate their entry to the date they started. Details of Part 1, Part 2 and Admitted Bodies can be found at:

<http://timeline.lge.gov.uk/LGPS2008Regs/SI20093150/20080239.htm#>

Employees will pay contributions in accordance with the table below.

Band	Range (£) *	Contribution Rates (%)
1	0.00 - 12,600.00	5.5
2	12,601.00 - 14,700.00	5.8
3	14,701.00 - 18,900.00	5.9
4	18,901.00 – 31,500.00	6.5
5	31,501.00 – 42,000.00	6.8
6	42,001.00 – 78,700.00	7.2
7	78,700.00 or over	7.5

\* The band ranges will increase in line with the Retail Price Index each April from 2011.

### Part-time and Term-time workers:

Where a member of the scheme works part-time, their pay is pro-rated to its full-time equivalent for the purpose of assessing which band applies to them.

If the member is a term-time only employee because of the nature of the job (e.g. an employee who works as a learning support assistant at a school), their full-time equivalent is based on the number of term-time weeks plus their holiday entitlement.

For example:

39 weeks term + 4.6 weeks holiday = 43.6 weeks  
37 hours per week, 43.6 weeks per year

Where an employee chooses to work term-time only to suit their lifestyle, they are classed as a part-time worker and the above provisions for part-time workers would apply.

### Example of part-time employee who voluntarily works term-time weeks:

37 hours per week, but works 43.6 weeks (including holiday entitlement) by choice rather than due to the nature of the employment.

Band Assessment: £1,480.09 x 12 x 52/43.6 = £21,182.94, therefore Band 4 (6.5%) applies.

Actual monthly pay: £1,480.09

Monthly contribution: £ 96.21

### Example of full-time, Term-time only employee:

37 hours per week, term-time only, due to the nature of the employment (employed at a school) 43.6 weeks per year.

Band Assessment: £1,480.09 x 12 = £17,761.08, therefore Band 3(5.9%) applies

Actual monthly pay: £1,480.09

Monthly contribution: £ 87.33

### **Action required by the Employer/Payroll Provider:**

When setting up a new payroll record for an employee, the Employer/Payroll Provider will automatically enter an eligible employee into the pension scheme from the first day of employment.

If an employee who is not a scheme member opts-in to the pension scheme, the Employer/Payroll Provider will bring the employee into the pension scheme from their next pay date. An employee on a fixed term contract of less than 3 months who has it extended beyond 3 months will be entered into the scheme from their next pay date and if eligible, the option to backdate to the date of starting the employment will be offered.

You must issue the employee with a written notification detailing which band you have allocated them to, notifying them of their right to appeal against this, or any of the decisions you have made in relation to their pensionable status.

On a monthly basis, the Employer/Payroll Provider will provide a spreadsheet to BCC by email to [pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk), detailing all new entrants to the pension scheme. The spreadsheet should be submitted by 15<sup>th</sup> of the month following the month payroll action was taken. An example of the spreadsheet is attached. Only the highlighted columns should be completed by the Employer/Payroll Provider and should contain the following information:

- Payroll number
- Home address
- Post code
- NI number
- Surname
- Forenames
- Title
- Sex
- Marital status – optional
- Date of Birth
- Date joined Fund
- Actual remuneration/Full-time equivalent pay
- Contribution rate
- Part-time Indicator
- Part-time hours
- Name of School (if applicable)

**Action required by the Employer/Payroll Provider:**

Each month the Employer/Payroll Provider will send the spreadsheets to BCC by email to [pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk) by the 15<sup>th</sup> of the month. The Employer will issue the original statutory notification as detailed below to the employee, retaining the copy for their records.

**Action required by BCC:**

On receipt of the above spreadsheet, BCC will set up a pension record on their system for each employee. Within 6 weeks a statutory notification will be produced confirming the employee's pensionable status. An original and a copy will be sent to the Employer. The original should be issued to the employee and a copy retained by the Employer for their records.

## Changes

Any changes that occur during membership must be notified immediately to BCC. Failure to notify BCC of these changes promptly may; delay the issue of an annual benefit statement, result in an incorrect statement being issued and could also affect the calculation of the member's benefits when they leave or retire. Incorrect data being provided to the Fund Actuary at the triennial valuation will affect the Employer rate set and it could incur an additional administration charge in accordance with the Buckinghamshire County Council Pension Fund Pension Administration Strategy.

You may have decided to review employees' contribution bands where there is a change that will move them from one band to another.

On a monthly basis the Employer/Payroll Provider will provide a spreadsheet to BCC detailing all relevant changes. Examples of the spreadsheets are attached. Only the highlighted columns should be completed by the Employer/Payroll Provider and should contain the following information:

### Hour/Band/Name Changes:

- NI number
- Payroll number
- Surname
- Forenames
- Date commenced current pensionable service
- New part time hours or percentage
- Previous part time hours or percentage
- Date of change
- Full time equivalent salary
- Contribution rate

### Address Changes:

- NI number
- Address
- Name

### Action required by the Employer/Payroll Provider:

Each month the Employer/Payroll Provider will send the spreadsheets to BCC by email to [pensions@bucksc.gov.uk](mailto:pensions@bucksc.gov.uk), detailing all relevant changes to member's records. The spreadsheet should be submitted by 15<sup>th</sup> of the month following the month payroll action was taken. This will include changes of hours or weeks worked, change of salary where the change affects the contribution band, change of name and change of address.

The Employer will issue the original statutory notification as detailed below to the employee, retaining the copy for their records.

### Action required by BCC:

On receipt of the above spreadsheet, BCC will amend the member's record with the information provided. Within 6 weeks of receiving the spreadsheet a statutory notification will be produced confirming the employee's change of pensionable status. An original and a copy will be sent to the Employer. The original should be issued to the employee and a copy retained by the Employer for their records.

## **Reduction in Pay**

Final pensionable pay is normally based on the full-time equivalent pay for the last 12 months. If either of the two previous years' pay is higher, either of these two preceding years may be used, calculated to the anniversary of the member's last day of service.

If, on or after 1st April 2008 and within 10 years of leaving, a member (voluntarily or compulsorily) has restricted pay, reduces their grade or moves to a position with less responsibility, the employee can choose to use the average of any 3 consecutive years pay in the last 10 years ending on a 31st March (plus RPI from the end of the 3 year period). Certain exclusions apply (flexible retirement) and the Pensions Section should be contacted for any clarification.

### **Action required by the Employer/Payroll Provider:**

The Employer/Payroll Provider will need to ensure that payroll data is kept for 10 years in respect of cases falling into this category.

### **Action required by BCC:**

BCC will use the final pensionable pay as notified to them by the Employer/Payroll Provider.

## Monthly Contributions

Pension contributions will be paid over to the BCC Pension Fund each month, no later than 19 days following the month in which the deduction was made.

### Action required by the Employer/Payroll Provider:

The Employer/Payroll Provider will need to submit both employee and employer contributions to BCC by the 19<sup>th</sup> of the month following deduction along with an Excel spreadsheet (attached). The spreadsheet allows the Employer/Payroll Provider and BCC to check the contributions paid.

- On the form there are two tabs that have input areas where data needs to be entered and a third tab that only contains data for a look-up table.
- On the **Summary Sheet** and **Employee Data** tabs the data input areas have been highlighted in yellow.
- There are some checks in the **Employee Data** tab – these are meant to be warnings of potential errors and can be ignored if the employer is satisfied that the information is correct.
- The form contains some example data to illustrate how the form works. This dummy data should be deleted before the form is used.

The full instructions for completing the monthly return can be found in the appendices. If you have any questions or require any assistance with completing this form, please email [treasury@buckscc.gov.uk](mailto:treasury@buckscc.gov.uk) . The treasury team will get back to you as soon as possible.

Once completed, the monthly return form should be emailed to [treasury@buckscc.gov.uk](mailto:treasury@buckscc.gov.uk)

### Action required by BCC:

With 6 weeks of receipt, BCC will check the monthly return form and allocate the contributions to each Employer.



## **Year-end Return**

A year-end return must be supplied to BCC detailing employee and employer pension contributions up to 31 March. BCC will send an email to the Employer/Payroll Provider in February with the spreadsheets to be used. The spreadsheets must be completed and returned to BCC on or before 30 April.

### **Action required by Employer/Payroll Provider:**

The return should be emailed to [pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk) no later than 30 April. In order to support the year-end process a timetable has been put in place to aid the issue of annual benefit statements and submission of data in relation to the triennial valuation. The timetable can be found in the Appendices.

### **Action required by Buckinghamshire County Council:**

On receipt of the spreadsheet, BCC will load the data onto their system. The employee's pension contributions will be converted to a pensionable pay figure for the year.

If there is an increase of more than 10% or a reduction in pay of any amount when compared with the previous year's pay figure, an error will be generated. BCC will attempt to clear all errors from information already held. Those errors which cannot be resolved will be sent to the Employer/Payroll Provider to resolve. The main reason for the variance in pay could be a change in hours, the member has left, or had a period of unpaid leave/sickness and BCC have not been notified. All Employers/Payroll Providers will be issued with a guide to assist them with responding to year end queries and providing relevant information to enable those queries to be resolved at the first attempt.

Once all queries have been resolved by the Employer/Payroll Provider, BCC will amend the records on their system. Annual benefit statements can then be produced. These will be issued to the Employer for internal distribution to members, or the Employer may request that BCC issue the statements to members' home addresses. The Employer/Payroll Provider will need to provide an up-to-date spreadsheet of members' home addresses and will be charged for the postage.

Full details of the deadlines applicable can be found in the Year-end Timetable in the Appendices.

## **Additional Contributions**

### **Additional Voluntary Contributions (AVCs)**

Members may make an election, at any time, to pay AVCs. Members can choose between our two AVC providers, Clerical Medical and Prudential.

#### **New Contributors**

##### **Action required by BCC:**

Members will be asked to send their application form to BCC. BCC will copy the form for their records and update their system. BCC will then forward the original form with the member's signature on to the Employer/Payroll Provider for action.

##### **Action required by the Employer/Payroll Provider:**

On receipt of the original AVC application form from BCC, the Employer/Payroll Provider should check the amount does not exceed 50% of monthly taxable pay and set up the deduction on payroll. The deduction may be expressed as a percentage or as a monetary amount. The Employer/Payroll Provider should NOT action an application form directly from the member. The form should be forwarded to BCC and the Employer/Payroll Provider should take no action unless notified by BCC.

#### **Procedure for changes to AVCs in payment**

##### **Action required by the Employer/Payroll Provider:**

Members will be told to email or write to the Employer/Payroll Provider if they wish to alter or stop their AVC contributions. The Employer/Payroll Provider should either send a copy of the letter or forward the email to BCC, confirming the necessary action has been taken. The Employer/Payroll Provider is responsible for checking that the revised amount does not exceed 50% of monthly taxable pay.

##### **Action required by BCC:**

On receipt of the confirmation from the Employer/Payroll Provider, BCC will update their system.

#### **Monthly AVC pay over**

##### **Action required by the Employer/Payroll Provider:**

AVC payments in respect of members must be paid over to Clerical Medical and/or Prudential no later than 19 days following the month in which the deduction was made. A schedule is to be emailed to Clerical Medical and/or Prudential showing a breakdown of the amount paid by each member. A new contributor schedule is also to be sent each month, if there have been new contributors that month, detailing the names of new contributors, their NI numbers, amount paid and their chosen investment option.

If you have any queries regarding paying over contributions, please contact the provider directly at:

- Prudential – Natalie Read, email: [Natalie.Read@prudential.co.uk](mailto:Natalie.Read@prudential.co.uk)
- Clerical Medical – Becky Diamond, email: [Rebecca.Diamond@clericalmedical.co.uk](mailto:Rebecca.Diamond@clericalmedical.co.uk)

##### **Action required by BCC:**

No action is required by BCC.

## **Additional Regular Contributions (ARCs)**

A member may request an estimate from BCC or use the online calculator available on the BCC website for the purchase of additional pension by means of ARCs. If the member wishes to proceed with the purchase, the contract will commence from their next pay date, for a period chosen by the member. ARCs will always be a fixed monthly amount (but may be subject to review by the Government Actuary's Department).

Some members may be paying additional contributions to buy added years - these contracts are payable up to the eve of the member's earliest retirement age. Elections to purchase added years must have been made by 31 March 2008 so although deductions will continue for contracts in force, there will be no new contracts. A change in hours will require a re-assessment by BCC to the level of membership purchased/amount to be deducted.

### **Action required by Buckinghamshire County Council:**

On receipt of the member's application, BCC will update their records and notify the Employer/Payroll Provider by email to commence ARCs, detailing the deduction period and the deduction amount. On receipt of a change in hour's notification, BCC will re-assess the level of membership being purchased and notify the employer if there is to be any change in the contributions deducted.

### **Action required by the Employer/Payroll Provider:**

Upon receipt of the above email, the Employer/Payroll Provider will set up the ARCs as instructed or make changes to the added year's deduction. This will be paid over to BCC each month, along with the standard monthly LGPS contributions.

## **Opt outs**

A member may opt-out of the pension scheme at any time by notifying the Employer/Payroll Provider in writing that they wish to do so. This is normally done by completing the opt-out form available on the website, or by email/letter to the employer's payroll department/provider. Once a member has been in the pension scheme for 3 months (or has transferred in previous pension rights) they cannot have a refund of their contributions.

### **Action required by the Employer/Payroll Provider:**

A member must notify the Employer/Payroll Provider directly if they wish to opt out of the pension scheme by filling in the opt-out form or by email/letter to the Employer/Payroll Provider. They should be taken out of the scheme from the month in which their election is received.

- If the option is received within 3 months of commencement, the Employer/Payroll Provider will refund all pension contributions deducted and adjust payroll for tax and National Insurance.
- If the member has been in the scheme for more than 3 months, they cannot have a refund of their contributions and the "Early Leaver" form needs to be completed.

If the Employer/Payroll Provider has previously entered this person on the monthly new starter spreadsheet, an email should be sent to BCC notifying them that the member has opted out, confirming that all contributions have been refunded and the necessary adjustments have been made for tax and National Insurance.

If the person has not been entered on the spreadsheet, BCC do not need to be notified that they have not joined.

### **Action required by BCC:**

If BCC receive an opt-out form, letter or email from the member who wants to opt-out, they will forward it to the Employer/Payroll Provider for action.

## **Unpaid Leave**

### **Authorised Unpaid Leave**

Pension contributions must be deducted for the first 30 days of authorised unpaid leave. This can be done either before or after the person takes the leave. If the leave exceeds 30 days, the member may elect to buy back the period in excess of the 30 days, up to a maximum period of 36 months.

The member should elect within 30 days of their return if they want to buy back the period, but the Employer has discretion to extend this deadline. The contributions may be deducted as a one-off lump sum or over a period of time as agreed by the Employer. The contributions must be deducted directly from the member's pay - the member should not send in a cheque, as they will not get the tax relief due.

#### **Action required by the Employer/Payroll Provider:**

The Employer/Payroll Provider will take pension contributions for the first 30 days of any period of unpaid leave. If the leave exceeds 30 days, the Employer/Payroll Provider will calculate the arrears due for the period and contact the member, giving them the option to pay the arrears in order for the service to count for pension purposes. Whatever the member's decision, BCC must be notified of the dates on a monthly basis and whether or not pension contributions have been paid. This can be done on the Arrears/Absence spreadsheet which should be submitted by 15<sup>th</sup> of the month following the month payroll action was taken..

#### **Action required by BCC:**

On receipt of the confirmation from the Employer/Payroll Provider, BCC will update the member's record with the dates.

### **Maternity Leave**

Contributions should be taken on all pay up to the point where the member goes on to nil pay. The member has the option to pay arrears of contributions for the unpaid period upon their return to work. Employer contributions should be paid on the notional pay the member would have received up until they go onto unpaid leave.

#### **Action required by the Employer/Payroll Provider:**

Calculate the arrears due for the unpaid period and contact the member giving them the option to pay the arrears in order for the service to count for pension purposes. The arrears should be based on the weekly pay in the last week the member was paid, i.e. half pay plus SMP, or just SMP. This should be multiplied by the number of weeks and days (each day expressed as 1/7) multiplied by the contribution rate. Whatever the member's decision, BCC must be notified of the dates and whether or not pension contributions have been paid. This can be done on the Arrears/Absence spreadsheet which should be submitted by 15<sup>th</sup> of the month following the month payroll action was taken..

Please note: if the employee elects to pay for the unpaid leave, employer contributions must be paid by the Employer, based on the notional pay the member would have received.

#### **Action required by BCC:**

Within 6 weeks of receipt of the confirmation from the Employer/Payroll Provider, BCC will update the member's record with the dates and produce a statutory notification. An original

and a copy will be sent to the Employer. The original should be issued to the employee and a copy retained by the Employer for their records.

## **Strike**

Pension contributions should not be deducted for strike days. However, the member may elect for contributions to be deducted after the strike. These must be deducted based on 16% of pay for each strike day. The member should elect within 30 days of the strike break in order for the period to count for membership, or such longer period as the Employer allows. Employer contributions are not payable on strike days.

### **Action required by the Employer/Payroll Provider:**

BCC need to be notified via the Arrears/Absence spreadsheet, which should be submitted by 15<sup>th</sup> of the month following the month payroll action was taken, with the names and NI numbers of all members who have taken strike action, confirming whether or not the member elected to buy back the strike days.

### **Action required by BCC:**

On receipt of the confirmation from the Employer/Payroll Provider, BCC will update the member's record with the dates. If the member elected not to pay for a strike period BCC will produce a statutory notification. An original and a copy will be sent to the Employer. The original should be issued to the employee and a copy retained by the Employer for their records.

## **Sick Leave**

Contributions should be taken on all pay up to the point where the member goes onto no pay. The member does not have to buy back unpaid sick leave as this automatically counts for pension purposes.

It will not affect their pension record, but BCC do need to be told when a member goes onto half or no pay, otherwise the lower total contributions notified at year-end will cause an error warning and generate a query. This can be recorded on the Arrears/Absence spreadsheet.

## Estimates

BCC will provide estimates of pension benefits upon a request from the Employer. To request an estimate, the Employer should email the “Employer Request for Estimate of Retirement Benefits” form to [pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk). The form includes the following information:

1. Member’s name
2. National Insurance number
3. Payroll reference number
4. Proposed last day
5. Pensionable pay to be used
6. Type of retirement
  - Normal retirement – Age 65
  - Late retirement – After age 65
  - Early retirement – Age 60 to 64
  - Redundancy and efficiency – Age 55
  - Ill health retirement – Any age<sup>1</sup>
  - Employer consent – Age 55
  - Flexible retirement - Age 55

Please refer to the section detailing the different types of retirement if you are not sure what type of retirement is required. If in doubt, phone BCC for advice.

Members may request estimates themselves but only for early, normal or late retirement from the age of 60. If a member makes a request, BCC will email the Employer for the pensionable pay figure for the 12 months up to the date of the proposed retirement.

All other estimate requests must come from the Employer using the form provided as they are not voluntary and can only be triggered by the Employer.

Figures will be provided within 10 working days of the request providing all the relevant information has been provided and there are no outstanding queries on the member’s record.

For redundancy, efficiency, employer consent or flexible retirement estimates, the Employer **must** have a Discretionary Policy.

PLEASE NOTE: BCC will provide two pension estimates per year as part of this SLA. If further quotes are required in a rolling year BCC will charge £10 plus VAT for each additional estimate.

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<sup>1</sup> BCC is unable to provide an ill health retirement estimate until the person has been referred to Occupational Health and the tier of ill health retirement confirmed.

## **Leavers**

When a member leaves the scheme BCC are required to notify the member of their deferred benefit entitlement within 3 months of their last day of scheme membership.

### **Action required by the Employer/Payroll Provider:**

In all cases a completed leaving form is required. This should be emailed to BCC by the 15<sup>th</sup> of the month following the month in which the member left.

A final pay calculator is provided to assist Employers/Payroll Providers with the calculation of final pay.

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### **Action required by Buckinghamshire County Council:**

On receipt of the fully completed leaving form, BCC will calculate the member's deferred benefits and notify the member within 20 working days.



## **Retirement**

### **Retirement can take many forms:**

#### **Normal retirement**

Normal retirement occurs when a member ceases employment at the age of 65. The retirement date is the eve of their 65<sup>th</sup> birthday and the pension comes into payment on their 65<sup>th</sup> birthday.

#### **Late retirement**

A member can remain in the scheme until 2 days before their 75<sup>th</sup> birthday. If a person retires after age 65 it is considered a late retirement.

#### **Early retirement**

A member can elect to retire at any age between 60 and 65 and claim their pension benefits. If the member has reduction to their benefits, their pension benefits are not paid automatically. The member will be given the option to take reduced benefits from the date of retirement, or to leave the benefits preserved until a later date.

#### **Redundancy and efficiency**

If a member has attained the age of 55 and leaves on grounds of redundancy or business efficiency, the pension benefits are payable immediately, without reduction for early payment.

#### **Ill Health retirement**

If a member's employment is terminated because of permanent ill health, and the member has at least two years membership, the pension payable is to be based on the member's accrued membership;

##### **1<sup>st</sup> Tier**

- plus 100% of prospective membership between leaving and age 65 where the member has no reasonable prospect of being capable of obtaining gainful employment<sup>1</sup> before age 65, or

##### **2<sup>nd</sup> Tier**

- plus 25% of prospective membership between leaving and age 65 where the member is unlikely to be capable of obtaining gainful employment within a reasonable period of time but is likely to be capable of obtaining gainful employment<sup>2</sup> before age 65.

##### **3<sup>rd</sup> Tier**

- with no enhancement where the member is likely to be able to obtain gainful employment<sup>2</sup> within three years of leaving and are payable for so long as he is not in gainful employment<sup>2</sup>.

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<sup>2</sup> Gainful employment is defined as "paid employment for not less than 30 hours per week for a period of not less than 12 months".

### **Employer consent**

A member who has attained the age of 55, and is under the age of 60, can ask for early payment of benefits. The request must be made in writing to the Employer (or former Employer where the member has already left). It will be at the Employer's discretion to agree to payment of benefits.

If the member's age plus service (in complete years) equal 85 or more, the benefits will be paid without reduction; if they do not, they will be reduced accordingly. The Employer may waive any reductions on compassionate grounds. The term 'compassion' is not defined within the Regulations - a decision to exercise compassion must be seen to be fair and justifiable.

The opportunity to request early payment of benefits can be a member-led option or only used by the Employer as an alternative to redundancy or efficiency.

### **Flexible retirement**

From the age of 55 and with their employer's consent, a member can retire, draw pension benefits in full or in part and continue to work in the same role, but with a reduction in hours and/or grade. This is an employer discretion and all employers must have a Flexible Retirement Policy.

### **Action required by the Employer/Payroll Provider:**

In all cases of retirement a completed leaving form is required. This should be emailed to BCC at least 3 weeks before a member's retirement date. You do not need to wait until you have made your final salary payment as BCC do not need the P45 at this stage, the P45 can be sent later. A final pay calculator is provided to assist Employers/Payroll Providers with the calculation of final pay.

If the person is retiring on grounds of:

- a) Redundancy/Efficiency - The Employer must complete the Early Retirement Certificate. This must be **signed** by a person authorised by the Employer to sign off early retirements.
- b) Employer consent/Flexible retirement— The Employer must complete the Early Retirement Certificate. This must be **signed** by a person authorised by the Employer to sign off early retirements.
- c) Ill Health – The ill health certificate as issued by Occupational Health must be sent to BCC.

For retirements detailed at a) and b), the Employer **must** have a Discretionary Policy. Please note that pensions are paid on the last working day of each month. The 'close down' for payroll input is the 15<sup>th</sup> of each month.

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### **Action required by Buckinghamshire County Council:**

On receipt of the Leaving form and Early Retirement/Ill Health Certificate (if appropriate), BCC will calculate the pension benefits and write to the member detailing their options within 10 working days.

When the member has returned their forms, BCC will pay the lump sum and commence payment of the member's pension on the next available payment run.

**Cost of early retirement (Pension Strain)**

When benefits are paid earlier than normal, there may be a cost to the BCC Pension Fund. If an Employer decides to retire someone early (other than on ill health grounds or in some flexible retirement cases) they will be required to pay a contribution to meet the cost of the strain on the fund. This is known as Pension Strain. The cost may be paid as a one-off lump sum or spread over a 5 year period with 7½% compound interest.

If there is a pension strain, BCC will contact the Employer in May each year detailing the pension strain costs for the year. Employers will be asked how they wish to pay, either up front or spread over 5 years.

## **Death in Service**

If a member dies in service there is a death grant payable of three times their annual pensionable pay. If the member has completed a death grant nomination form, the death grant can be paid straight away to the person or persons nominated (subject to the discretion of BCC), otherwise BCC has discretion regarding payment.

If there is a widow, widower, civil or nominated cohabiting partner and/or eligible children, there may be pensions payable to them.

### **Action required by the Employer/Payroll Provider:**

If possible, please obtain a copy of the death certificate and where appropriate copies of the birth and marriage/civil partnership certificates from the widow/widower/civil partner and copies of birth certificates of any eligible children.

The Employer/Payroll Provider will need to notify BCC of the member's death using the "Notification of Employee Leaving where Pension Benefits will be Paid" form, giving the name and address of the person/next of kin to contact. Notification should be made within 10 working days of the Employer receiving notification of the member's death.

### **Action required by BCC:**

On receipt of the leaving form BCC will calculate the benefits due and write to the next of kin within 10 working days.

## **Scheme Literature**

Various forms can be obtained from BCC by telephoning 01296 383755, by email request to [pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk) or preferably by accessing our web pages at [www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)

### **Current literature includes:**

- A Brief Guide to the LGPS
- Death Grant Expression of Wish form
- Cohabiting Partner Nomination form
- Transfer Quote Request Pack
- LGPS Interfund Transfer form
- LGPS Opt-Out form
- LGPS Opt-In form
- A retirement guide for members retiring
- AVC promotional literature

## **Presentations and Training**

BCC offers a variety of presentations available to scheme members and training sessions available to Employers.

### **Presentations include:**

- Induction – For new employees
- Midlife Planning course
- Pre-Retirement Course

These courses are available upon request by Employers. Employers must provide the venue and notify employees concerned of its availability. Due to a high demand for courses, BCC cannot offer this service to groups of less than 20 people. A course will be cancelled unless the required number of employees is available.

To arrange a presentation, please email [pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk)

### **Training**

BCC are happy to visit Employers/Payroll Providers to go through this guide in detail. They will also offer assistance to Employers/Payroll Providers when filling in their annual LGPS returns.

### **Triennial Meeting**

A meeting is held every three years in Autumn in the year prior to the Fund valuation. Reports are given on the performance of the Fund, benefit entitlements and details of any changes due to take place in the following year. There are opportunities for Employers to raise questions. Details of the annual meeting will be publicised in the quarterly employer newsletter.

## **Employer Discretions**

### **Discretion to permit late inward transfer of pension rights**

Members should express their interest to transfer in previous pension rights within 12 months of joining the scheme. If a member applies to transfer in previous pension rights more than 12 months after joining, the late transfer can only be investigated with the Employer's permission.

### **Discretion to permit flexible retirement**

Retirement before the age of 60 is at the Employer's discretion only. Employers must have a policy on Early Retirement, which must be reviewed regularly.

### **Discretion to permit early payment of pension**

An active or deferred member of the pension scheme aged 55 or more may apply for early payment of their retirement benefits. The Employer must have a policy on whether to allow such requests.

### **Discretion of employer to increase total membership of active member**

Augmented years can be granted to a member at any time or any age. Employers do however normally decide to augment at retirement.

### **Discretion of employer to award additional pension**

Employers can award up to £5,000 additional pension at retirement.

For help or advice on any of the above discretions, please contact Principal Pensions Officer (Governance & Employer Liaison).

Buckinghamshire Pension Fund  
County Hall  
Aylesbury  
Buckinghamshire  
HP20 1UD  
01296 383755  
[pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk)  
[www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)

## **APPENDICES**

- I. Instructions for completing the Monthly Return spreadsheet
- II. Year-end Timetable
- III. Employer Request for Estimate of Retirement Benefits
- IV. Notification of Employee Leaving where Pension Benefits will be Paid
- V. Notification of Employee Leaving Early
- VI. Notes on Pay: Pensionable, Final & Actual
- VII. Protected Members/Early Payment of Pensions



## **Instructions for Completing the Monthly Pension Form**

- The purpose of the form is to allow both the Employer and BCC the opportunity to check contributions paid.
- The form has been designed to be completed and returned as an Excel file.
- On the form there are two tabs that have input areas where data needs to be entered and a third tab that only contains data for a look-up table.
- On the *Summary Sheet* and *Employee Data* tabs the data input areas have been highlighted in pale yellow.
- There are some checks in the *Employee Data* tab – these are meant to be warnings of potential errors and can be ignored if the employer is satisfied that the information is correct.
- The form contains some example data to illustrate how the form works. This dummy data should be deleted before the form is used.

### **The Summary Sheet Tab**

In the second tab titled “*Summary Sheet*” five pieces of information need to be entered into the highlighted yellow areas: -

1. The employer/contributing body name.
2. The contribution rate that applies to the employer/contribution body.
3. The month the pension contributions relate to.
4. The month the pension contributions were paid over to the Pension Scheme.
5. The employer contribution paid over.

All the other parts of the form summarise information from the *Employee Data* tab and do not require any input.

### **The Employee Data Tab**

On the third tab titled “Employee Data” tab six pieces of information are required for each employee’s contribution for the month: -

1. Employee’s NI number.
2. Monthly pensionable salary.
3. Employee contributions paid based on pensionable salary.
4. Other employee contributions (excluding AVCs).
5. The percentage of a whole time equivalent that the employee works.
6. The employee’s pension band range.

Once this information has been downloaded/input into the form the columns to the right will be populated confirming employee contribution rates, contribution overpayment/ underpayment, band ranges and a check on whether the pension band range looks reasonable.

These checks are only meant to be a guide to whether the data is correct.

**Completion of form**

Once the contribution data for the month has been entered into the form's tabs please check the summary form.

In particular, please check that the "total contributions paid over" box on the summary sheet agrees with amount you have paid / are going to pay to BCC.

**Return Instructions**

On completion the form should be emailed to [treasury@buckscc.gov.uk](mailto:treasury@buckscc.gov.uk) .

**Help**

If you have any questions or require any assistance with completing this form, please email [treasury@buckscc.gov.uk](mailto:treasury@buckscc.gov.uk) with your query and they will get back to you as soon as possible.

<b>Task</b>	<b>Date</b>	<b>Responsibility</b>
Annual Return issued	28 February	Pensions
Completed Annual Return returned	30 April	Employer
<b>Employers with less than 100 Scheme members</b>		
Contributions posted and Pensionable pay update run	Within two weeks of receipt of annual return	Pensions
1 <sup>st</sup> queries issued to employer	Within one week of pensionable pay update	Pensions
Response to queries received	Within three weeks of receipt of queries	Employer
Responses processed	Within one week of responses being received	Pensions
Further queries issued	Within one week of responses being received	Pensions
Responses to further queries	Within one week of receipt of queries	Employer
Further queries processed	Within one week of receipt	Pensions
Annual Benefit Statements issued	Within two weeks of year end queries being resolved	Pensions

<b>Employers with more than 100 Scheme members</b>		
Contributions posted and Pensionable pay update run	Within one month of receipt of annual return	Pensions
1 <sup>st</sup> queries issued to employer	Within three weeks of pensionable pay update	Pensions
Response to queries received	Within three weeks of receipt of queries	Employer
Responses processed and any further queries issued	Within two weeks of queries received	Pensions
Responses to further queries	Within two weeks of queries received	Employer
Further queries processed	Within one week of queries received	Employer
Annual Benefit Statements issued	Within two weeks of queries resolved	

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NB: Upon receipt of your Annual Return, you will receive confirmation of the above by e-mail, with relevant dates to assist you in planning for year end queries.

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**Local Government Pension Scheme  
Buckinghamshire County Council  
Employer Request for Estimate of Retirement Benefits**

Requests should be made by the Employer direct to the Pensions Section.

**ESTIMATE DETAILS:**

**Please note an estimate cannot be provided unless ALL boxes below are completed.**

Full Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

NI Number: \_\_\_\_\_

Proposed last day of service: \_\_\_\_\_

Proposed type of retirement:

Please enter ONE of the following:

- Redundancy
- Ill Health
- Normal (Age 60+)
- Efficiency
- Employer Consent

If you require an estimate of costs for augmentation, please also indicate the amount to be used here £ \_\_\_\_\_

If the above named is making additional payments please indicate in the box opposite.

\*Please delete as appropriate:  
\*Added years/\*AVCs/\*Part-time Buy Back/ARCs

If paying AVCs do you require retirement options for these?

\*Yes/\*No

Standard benefits will be provided; do you require an estimate showing the maximum retirement grant?

\*Yes/\*No

Notional Full Time Equivalent Final Pay: (average of pensionable pay for the 365 days immediately preceding last day of service)

£ \_\_\_\_\_

**CONTACT DETAILS:**

Name of person requesting estimate: \_\_\_\_\_

Job Title/Position: \_\_\_\_\_

Employer/Organisation Name: \_\_\_\_\_

Who should the quote be sent to and what is their email address? \_\_\_\_\_

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**Local Government Pension Scheme  
Buckinghamshire County Council**

**Notification of Employee leaving where Pension Benefits will be paid**  
To be completed when an employee is retiring or has died whilst in employment.

**EMPLOYEE'S DETAILS**

Title (Mr/Mrs/Miss): \_\_\_\_\_ Surname: \_\_\_\_\_  
Forenames: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_ NI Number: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Postcode: \_\_\_\_\_ Employment No: \_\_\_\_\_

**EMPLOYMENT DETAILS**

1. **Last day of Service:** (the last day of the employment or the last day in the scheme if different) *DD/MM/YYYY*

2. **Reason for leaving:** (please tick to show which applies)

Normal Retirement	<input type="checkbox"/>	Redundancy Retirement *	<input type="checkbox"/>
Efficiency Retirement*	<input type="checkbox"/>	Ill-Health Retirement *	<input type="checkbox"/>
Flexible Retirement *	<input type="checkbox"/>	85 year rule Retirement *	<input type="checkbox"/>
Death	<input type="checkbox"/>	*Please provide the appropriate certificate.	

3. **Amount of Employee Pension Contributions paid since the last 1st April:**  £

4. **Final Pay\* Full-time Equivalent (FTE):**  £  
Please show your workings in the box below.  
\*Please see notes for calculating Final Pay

5. **Actual Pay (FTE) at date of leaving:**  £

Please ensure that you also forward the P45 to the Pensions Section so that we can apply the appropriate tax code.

Name of person completing form: \_\_\_\_\_  
Employer/Organisation Name: \_\_\_\_\_  
Date: \_\_\_\_\_



**Local Government Pension Scheme  
Buckinghamshire County Council**

**Notification of Employee Leaving Early**

To be completed when an employee leaves employment, for reasons other than retirement.

**EMPLOYEE'S DETAILS**

Title (Mr/Mrs/Miss): \_\_\_\_\_ Surname: \_\_\_\_\_  
Forenames: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_ NI Number: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Postcode: \_\_\_\_\_ Employment No: \_\_\_\_\_

**EMPLOYMENT DETAILS**

6. Last day of Service: (the last day of the employment or the last day in the scheme if different) *DD/MM/YYYY*

7. Did the employee leave for any reason other than voluntary resignation? (e.g. dismissal) *YES/NO*

8. Amount of Employee Pension Contributions paid since the last 1st April: £

9. Amount of National Insurance Contracted-Out Earnings since the last 1st April\*: £   
\*Only applicable if employee has less than 3 months LGPS membership.

10. Final Pay\* *Full-time Equivalent (FTE)*:  
Please show your workings in the box below.  
\*Please see notes for calculating Final Pay.

11. Actual Pay (FTE) at date of leaving: £

**Name of person completing form:** \_\_\_\_\_  
**Employer/Organisation Name:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

## Notes on Pay: Pensionable, Final & Actual

The LGPS regulations state that an employee's pensionable pay is the total of:

- Salary, wages, fees and other payments made to him for his own use in respect of his employment.
- Any other payment or benefit specified in his contract of employment as being a pensionable emolument.

And does not include:

- Non-contractual overtime
- Travel, subsistence or other allowance paid in respect of employee expenses
- Payment for loss of holiday entitlement
- Payment in lieu of notice of termination of contract
- Payment as inducement not to terminate contract

Pay must be taxable to be pensionable **but** not all taxable pay is pensionable.

Final pay, broadly speaking, is the pay on which contributions were paid, or deemed to have been paid, in the last 365 days of employment. If, on or after 1st April 2008 and within 10 years of leaving, a member (voluntarily or compulsorily) has restricted pay, reduces their grade or moves to a position with less responsibility, the employee can choose to use the average of any 3 consecutive years pay in the last 10 years ending on a 31st March (plus RPI from the end of the 3 year period). Certain exclusions apply (flexible retirement) and the Pensions Section should be contacted for any clarification.

If there is a gap in contributions, due to a leave of absence other than sickness, the final pay should be calculated based on the period actually worked and proportioned to a full year (see examples). In the event of strike break the final pay is assessed on the days payment was received in the last 365 days and the amount is multiplied up to a full year. Where there has been an absence due to sickness, any reduction in pay and contributions is treated as though it had not occurred.

### Calculation of final pay

The method of calculation depends upon how the individual is paid i.e. weekly or monthly. The easiest way to show how final pay is calculated is by looking at a few examples.

#### Monthly Paid

The basic calculation is:

Full-time equivalent annual pensionable salary x Month (and/or proportion of month) x 1/12 = £ A

This above calculation is performed for each different rate of pay throughout the year. Any pensionable allowances should be included in the pensionable salary. We have provided three examples below to illustrate how the calculation is used. In each example we assume a pay award on 1 April.

1. Monthly paid employee
2. Monthly paid employee – worked for less than 365 days
3. Monthly paid employee – with a strike break in the final pay period
4. Monthly paid employee - with a service break (other than strike)

1. **Mr A Example** Date of Leaving: 30 May 2010

31.05.09 to 31.03.10 £12500 x (1/31) + 10 x 1/12 =£10450.27  
01.04.10 to 30.05.10 £13600 x (30/31)+ 1 x 1/12 =£ 2230.11  
Total Final Pay £12680.38

2. **Mr B Example** Date of Leaving: 19 December 2009



01.03.09 to 31.03.09	£12500 x 1	x 1/12	=£1041.67
01.04.09 to 19.12.09	£13600 x (19/31)+8	x 1/12	=£9761.29
Sub-total			=£10802.96

$£10802.96/294 \times 365 = £13411.84$  (final pay)

NB: Where a member hasn't completed a full year in the scheme, work out the final pay as normal, calculate the days the person was actually in the scheme, divide your sub-total by these days and multiply by 365 to make it up to a full year.

**3. Mr C Example** Date of Leaving: 30 May 2010

31.05.09 to 29.03.10	£12500 x (1+29/31) + 9	x 1/12	=£10383.06
01.04.10 to 30.05.10	£13600 x (30/31)+1	x 1/12	=£ 2230.11
Sub-total			= £12613.17

$£12613.17/363 \times 365 = £12682.66$  (final pay)

N.B: Where there has been a break in service **due to strike** during the averaging period, calculate the final pay as normal, excluding the period of the break. Work out the number of days worked in the averaging period, divide the sub-total by the number of days worked and multiply by 365. This gives you the final pay for a full year.

**4. Mrs D Example** Date of Leaving: 30 May 2010

Had unpaid maternity leave of 62 days from 05.06.09 to 05.08.09

30.03.09 to 31.03.09	£12000 x (2/31)	x 1/12	=£ 64.52
01.04.09 to 04.06.09	£12500 x (4/30) + 2	x 1/12	=£ 2222.22
06.08.09 to 31.03.10	£12500 x (26/31) + 7	x 1/12	=£ 8165.32
01.04.10 to 30.05.10	£13600 x (30/31) + 1	x 1/12	=£ 2230.11
			£12682.17 (final pay)

N.B: Where there has been a break in service for reasons other than strike (such as unpaid maternity leave), during the averaging period; the last 365 days is those for which pay has been received on which contributions were paid.

**Any variable pensionable allowances should be added onto the end of the final pay calculation. Allowances such as 'Sleep-in' duties should not be pro-rated up to full-time. If the employee has worked a part-year these allowances should be added to final pay before the figure is pro-rated up to a full year.**

**Weekly Paid**

The basic calculation is:

Full-time equivalent weekly pensionable salary	x	No. of weeks (or proportion of week)	=	£ A
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The above calculation is performed for each different rate of pay throughout the year. Any pensionable allowances should be included in the pensionable salary. We have provided three examples below to illustrate how the calculation is used. In each example we assume a pay award on 1 April.

1. Weekly paid employee
2. Weekly paid employee – worked for less than 365 days
3. Weekly paid employee – break of service in the middle.

**1. Mr A Example** Date of Leaving: 30 May 2010

31.05.09 to 31.03.10	£239.46 x 43.4 =	£10392.56
01.04.10 to 30.05.10	£260.54 x 8.6 =	£ <u>2240.64</u>
Total Final Pay		£ <u>12633.20</u>

**2. Mr B Example** Date of Leaving: 19 December 2009

01.03.09 to 31.03.09	£239.46 x 4.4	=£ 1053.62
01.04.09 to 19.12.09	£260.54 x 37.6	=£ <u>9796.30</u>
Sub-total		=£10849.92

£10849.92/294x365 = £13470.14 (final pay)

NB: Where a member hasn't completed a full year in the scheme, work out the final pay as normal, calculate the number of days the person was actually in the scheme, divide your sub-total by these days and multiply by 365 to make it up to a full year.

**3. Mr C Example** Date of Leaving: 30 May 2010

31.05.09 to 29.03.10	£239.46 x 43 =	£10296.78
01.04.10 to 30.05.10	£260.54 x 8.6 =	£ <u>2240.64</u>
Sub-total		= £12537.42

£12537.42/363x365 = £12606.50 (final pay)

N.B: Where there has been a break in service **due to strike** during the averaging period, calculate the final pay as normal, excluding the period of the break. Work out the number of days worked in the averaging period, divide the sub-total by the number of days worked and multiply by 365. This gives you the final pay for a full year.

**4. Mrs D Example** Date of Leaving: 30 May 2010

Had unpaid maternity leave of 62 days from 05.06.09 to 05.08.09

30.03.09 to 31.03.09	£230.14 x 0.2	=£ 46.03
01.04.09 to 04.06.09	£239.73 x 9.4	=£ 2253.46
06.08.09 to 31.03.10	£239.73 x 34	=£ 8150.82
01.04.10 to 30.05.10	£260.82 x 8.6	=£ <u>2243.05</u>
		£ <u>12693.36</u> (final pay)

N.B: Where there has been a break in service for reasons other than strike (such as unpaid maternity leave), during the averaging period; the last 365 days is those for which pay has been received on which contributions were paid

**Any variable pensionable allowances should be added onto the end of the final pay calculation. Allowances such as 'Sleep-in' duties should not be pro-rated up to full-time. If the employee has worked a part-year these allowances should be added to final pay before the figure is pro-rated up to a full year.**

## **Protected Members/Early Payment of Pensions**

If members voluntarily retire before age 65, their benefits may have reductions applied before they are paid. If they were contributing to the LGPS on 30 September 2006, they may have protected rights regarding early payment of their benefits. The reductions depend on whether they satisfy what is known as “the 85-year rule” and whether they fall into a protected category of membership.

### **The 85-year rule**

Historically the 85-year rule has allowed scheme members to retire before age 65, without reductions, providing that at retirement their age and service (both measured in whole years) adds up to at least 85, e.g. age 65 + 25 years membership = 85.

Where this rule is not met, reductions are applied to the pension and lump sum based on the period between the date the benefits are paid and the date the member would have met the 85-year rule. Where the 85-year rule is not met before age 65, the reductions are based on the period to age 65.

If a member wishes to voluntarily retire between the ages of 55 and 60, employer’s consent is needed before benefits can be paid.

From 1 October 2006 the 85-year rule has been removed from the LGPS, but there are a number of protected categories of membership. It should be noted that if a member would never have satisfied the 85-year rule before age 65, they are not affected by its removal. The full list of categories is as follows:

#### **1. Members who joined the scheme on or after 1 October 2006**

The 85-year rule will not apply to any of their service. If benefits are taken before age 65, reductions will apply, based on the period between the date benefits are paid and age 65.

#### **2. Members who joined the scheme before 1 October 2006 who are not age 60 before 1 April 2020**

The 85-year rule will apply to any benefits based on service up to 31 March 2008. This means that if they retire before age 65, their benefits will be assessed in two parts:

- The pension and lump sum based on their pre 1 April 2008 service will be reduced if they don’t meet the 85-year rule. The reduction will be based on how far short they are of satisfying the rule. If they meet the 85-year rule at retirement there are no reductions.
- The pension based on the service from 1 April 2008 will be reduced based on the number of years from retirement to their 65<sup>th</sup> birthday.

#### **3. Members who joined the scheme before 1 October 2006 who are age 60 before 1 April 2016**

The protection for the 85-year rule is extended to 31 March 2016. This means that if they retire before age 65, their benefits will be assessed in two parts:

- The pension and lump sum based on their pre 1 April 2016 service will be reduced if they don’t meet the 85-year rule. The reduction will be based on how far short they are of satisfying the rule. If they meet the 85-year rule at retirement there are no reductions.
- The pension based on the service from 1 April 2016 will be reduced based on the number of years from retirement to their 65<sup>th</sup> birthday.

#### **4. Members who joined the scheme before 1 October 2006 who are age 60 between 1 April 2016 and 31 March 2020**

The 85-year rule continues to be applied in full to any benefits based on service up to 31 March 2008. In addition, the benefits based on service from 1 April 2008 to 31 March 2020 will have the 85-year rule applied in part, which gives some protection, but not complete protection. This means that if they retire before age 65, their benefits will be assessed in three parts:

- The pension and lump sum based on their pre 1 April 2008 service will be reduced if they don't meet the 85-year rule. The reduction will be based on how far short they are of satisfying the 85-year rule. If they meet the 85-year rule at retirement there are no reductions.
- The pension based on service from 1 April 2008 to 31 March 2020 will be reduced according to a sliding scale. The sliding scale takes into account both the date they meet the 85-year rule and their 65<sup>th</sup> birthday, which means that the reduction applied will be less than the full reduction that would have applied if there was no protection.
- The pension based on the service from 1 April 2020 will be reduced based on the number of years from retirement to their 65<sup>th</sup> birthday.

### What reductions will be applied to the Pension and Lump Sum?

The table below shows an extract of the reductions that will apply to the pension and lump sum depending on the number of years from their retirement date to age 65 (or the date the 85-year rule is satisfied, if they are covered by one of the 85-year rule protections highlighted earlier).

No. of years paid early	Pension reduction: men	Pension reduction: women	Lump sum reduction
0	0%	0%	0%
1	6%	5%	2%
2	11%	10%	5%
3	16%	15%	7%
4	20%	19%	9%
5	24%	23%	12%
6	28%	27%	14%
7	32%	30%	16%
8	35%	33%	18%
9	38%	36%	20%
10	41%	39%	22%

#### Example 1

*A female with protected service up to 31 March 2016 where the 85-year rule still applies.*

If the female member met the 85-year rule at age 62 and was retiring at age 60, she is retiring 2 years early. From the table it can be seen that her pension would be reduced by 10% and her lump sum by 5%.

#### Example 2

*A female with service only from 1 October 2006 onwards, therefore no protected service.*

If the female was retiring at age 62, she is retiring 3 years earlier than age 65; therefore the pension would be reduced by 15% and the lump sum by 7%.

#### Example 3

*A male is retiring 2.5 years early.*

Where the number of years early is not a whole number, the reduction will fall somewhere between two whole numbers. So, if a man was retiring 2.5 years early, the reduction would fall between the factor for 2 years early and the factor for 3 years early. In this case, the pension reduction would be 13.5 % (exactly halfway between 11% and 16%) and the lump sum reduction would be 6% (halfway between 5% and 7%).

**For more information contact:**

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**Agenda Item 8**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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