

Buckinghamshire County Council Pension Fund Employer's Newsletter – SEPTEMBER 2015



Welcome to our quarterly employer's newsletter.

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

LGPC Bulletins

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

[Bulletin 132](#) – **July 2015** Items of relevance to Employers have been included in this Employer newsletter.

[Bulletin 133](#) – **July 2015** Items of relevance to Employers have been included in this Employer newsletter.

[Bulletin 134](#) – **August 2015** Items of relevance to Employers have been included in this Employer newsletter.

LGPC Circulars

LGPC Circulars are used to notify all Employers of LGPC training events. No circulars were issued this quarter.

Pension Fund Investment Update

The Fund, excluding private equity investments, achieved a return of -1.9% for the quarter, outperforming its benchmark of -3.0% by 1.1%. The value of the whole Fund as at 30 June 2015 was £2.168bn. A return of 8.9%, representing underperformance of 1.3% compared to the 7.6% benchmark, for the twelve month period is reported. A return of 11.8%, representing annual outperformance of 1.6%, compared to the 10.2% benchmark for the three year period is reported.

Team Updates

P&I Team - Staffing Update

Principal Pensions Officer (Governance & Employer Liaison) – Claire Lewis-Smith is now on maternity leave and we wish her the best of luck. She is returning early in 2017.

Pensions Officers We have successfully recruited to our remaining Pensions Officer posts. Please bear with us as we continue to train our new pensions officers.

TUPE transfers out and Academy conversions

All employers must notify us of any TUPE transfers that affect employees who are members or who are eligible to be members of the LGPS. If your organisation is in the process of a TUPE transfer out, please get in contact with Marie Edwards, TUPE Liaison Officer, mpedwards@buckscc.gov.uk. Marie deals with admission agreements and bulk transfers, having taken over these duties from Claire Lewis-Smith. Marie also deals with the LGPS pension rights of support staff working for schools converting to Academy status.

Employer Liaison Officer – Alpha Split

As per our Pension Administration Strategy, each Scheme employer is allocated a specific Employer Liaison Officer (ELO) as their main point of contact regarding any aspect of administering the LGPS. Due to staff changes, the ELO originally notified to you may have changed. Below is our current alpha split and contact details for your Employer Liaison Officer



Employer Alpha Split	Responsible Employer Liaison Officer
A-B	Katrina Blakeman, kblakeman@buckscc.gov.uk
C-K	Paula Oliver, peoliver@buckscc.gov.uk *
L-R	Karen Hemming, khemming@buckscc.gov.uk
S-Z	Hannah Fall; hfall@buckscc.gov.uk *

* Please note that Paula and Hannah are new to the team, so they will be in training for a few months. Karen and Katrina will be on hand to assist them in responding to your queries.

Administration Update

Service Level Agreement update – September 2015, version 2

Our SLA has been updated. This is mainly due to changes in the Regulations, but also to clarify a few matters for Employers. We have also amended our “leaver” forms. We’ve put all the revised SLA spreadsheets and forms on our website at <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/employers/employers-guides-forms-and-booklets/>

BCC Pension Fund Annual Report & Accounts 2014/15

From 30 September, the BCC Pension Fund Annual Report and Accounts 2014/15 will be available from our website at:

<http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/investment/>

Pensions Administration Backlog

We are still working through a backlog of requests (both employee and employer led), which means that some queries are being completed outside of our 10 working day turnaround. We apologise for any delays or inconvenience caused and thank you for bearing with us.

Buckinghamshire Pension Board

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2014 set out the requirements for an administering authority to establish a Local Pension Board. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager. This covers all aspects of governance and administration of the LGPS, including funding and investments. Such assistance is to:

- (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme;
- (b) to ensure the effective and efficient governance and administration of the Scheme.
- (c) helping the Administering Authority, including doing work requested by the administering authority.

The Buckinghamshire Pension Board was established earlier this year and the first meeting took place on 23 July 2015. The Board has 8 voting members, the 4 Employer Representatives are Bev Black, Roona Ellis, James Smith and Ian Thompson. The 4 Member Representatives are Reece Bowman, Pete Dearden, Steve Mason and Joe McGovern.

At the first meeting the Board elected Steve Mason as the Chairman and Roona Ellis as the Vice Chairman. The Board adopted its Terms of Reference, Code of Conduct Policy, Conflicts Policy and Knowledge and Understanding Framework.

<https://democracy.buckscc.gov.uk/mgCommitteeDetails.aspx?ID=869>

We are currently setting up routes for employers to communicate with Board members, in the meantime if you wish to contact a Board member, please email the pensions inbox pensions@buckscc.gov.uk.

2008 definition of Final Pay on 2014/15 Annual Return

Some employers have misinterpreted the Annual Return guidance notes and have given us the 2008 definition of Final Pay based on the rate the member was on as at 31/03/15, rather than the amount covering the whole year (1 April 2014 to 31 March 2015), which should take into account pay rate changes during the scheme year.

The year end process for the CARE scheme makes it extremely difficult for the Employer Liaison Team to know if the Final Pay (2008 scheme definition) provided by an Employer on the annual return is correct. The error noted above was identified by the Benefit Administration Team, when they requested Final Pay (2008 scheme definition) from a few Employers to prepare retirement quotes. Unfortunately most of the annual returns have now been uploaded and we are not in a position to manually amend incorrect Final Pay (2008 scheme definition). Where we identified the error before the returns were uploaded, we asked the Employer for a revised return with correct figures.

Due to our system constraints, if you sent us a revised return after your original annual return was uploaded to our system, unfortunately we were not able to automate the deletion and subsequent upload of the revised figures. If a member of your staff queries the Final Pay (2008 scheme definition), we will not be able to revise their Final Pay figure on their Annual Benefit Statement. Any subsequent requests for estimates will, however, be correct.

The requirement to provide an average Final Pay figure for each scheme year has been an issue for many of our Employers. Unfortunately we take our lead from central government. We have fed your concerns back to the policymakers and we will update you if a decision is made to change it.

Administration Charges for Bulk Transfers effective 1 October 2015

We will charge fees for bulk transfers with effect from 1 October 2015. Charges will include any time we spend on submitting data to Barnett Waddingham (not including any data cleansing involved) along with any actuarial fees for reports and discussions with the other authority's actuary.

This will not apply retrospectively, so any bulk transfers that are currently in progress will not be charged for. It is the BCC Pension Fund Employer that will be charged and charges will apply to both incoming and outgoing bulk transfers.

AVC payments MUST be accompanied by a schedule

As reported in previous newsletters, AVC payments to Clerical Medical or Prudential will not be accepted by either provider unless a schedule of payment is also sent. Clerical Medical in particular are receiving numerous payments every month where no schedule is provided and therefore payments cannot be allocated to individual employees AVC funds. This is causing a large amount of extra work as we have to track down not only where the payment came from, but we then also have to obtain a schedule.

From 1 October 2015, if a payment is received without a schedule the payment will be returned to the Employer. This will result in the member's contributions not being applied at the correct date and the Employer will be responsible for any shortfall.

Monthly Contribution Spreadsheets 2015/16

Some Employers are not using our monthly return template and sending in the bare minimum of information instead. Employers should be either using our template or providing all of the data we ask for in their own format. If you don't send us all the information we require on a monthly basis, you will receive more year-end queries, as we will not have sufficient data to check against prior to sending queries over to you. If you need any help to complete the monthly contribution spreadsheets please contact mholley@buckscc.gov.uk.

Pay changes notification

Some Employers are still sending over changes in pay rate on a monthly basis. Employers no longer need to send these as we do not use them for year end.

Hours changes are only required for members who are protected by the Scheme underpin or for members who have existing added years contracts. (detailed on page 18 of our SLA).

Submission of Spreadsheets

As per our SLA, please submit starters, changes, CARE election and opt out spreadsheets to pensions@buckscc.gov.uk and the monthly contribution spreadsheets to lpsreturns@buckscc.gov.uk. This is to make sure that all spreadsheets are processed within the regulatory time limits.

Contacting the Fund's Actuary

As a reminder, please note that there is **always** a cost implication when contacting the Fund's actuary for advice or information, whether the Employer contacts the Actuary directly or contacts them through us. In future we will ask the Fund's Actuary to refer back to us all direct requests from Employers. If your

organisation requires any information from Barnett Waddingham e.g. FRS17, valuation queries, actuary's report when applying for admitted body status or cessation, etc. please send your request to employers@buckscc.gov.uk. We will make arrangements for the relevant report and we will recharge the actuary's fees back to the Employer.

LGPS Employer Discretionary Policies

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

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

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

The relevant discretions are:

- Whether to grant additional pension of up to £6,500 per annum (increased each April) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.
- Whether, where an active Scheme member wishes to purchase extra annual pension of up to £6,500 by making Additional Pension Contributions (APCs), to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).
- Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade.
- Whether, as the 85 year rule does not (other than on flexible retirement) automatically apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85-year rule back on for such members.
- Whether to waive any actuarial reduction on benefits paid early.

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

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

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

General updates

This section of our newsletter provides Employers with changes to the wider industry that also impacts on the LGPS.

Freedom and Choice Q&A for Scheme employers

Please refer to [the LGPC's questions and answers](#) to help you understand the new pensions freedoms and how they may impact on your role as an LGPS employer.

LGA Workforce Subscription

The service is primarily for employers who mirror the pay awards, pay scales and / or apply the terms and conditions that are negotiated nationally. Subscribing organisations come from all parts of the UK and fall into two very broad categories.

- Those that deliver services that are historically closely linked to the local government sector, such as housing associations, charities and out-sourced providers, be they private sector or, increasingly, social enterprises or mutuals.
- Education establishments that apply the national agreements – and often the School Teachers' Pay and Conditions Document – such as independent and special schools or, increasingly, academies and free schools.

Full details of what is included in the subscription are available on the LGA's website, where a [2015/16 subscription brochure](#) is also available. The subscription includes direct access to the latest

developments in the LGPS and the Teachers' Pension Scheme as well as a host of other benefits.

Annual allowance and lifetime allowance

Tapered annual allowance

Once further detail is known about the introduction of the annual allowance taper (as announced in the Summer budget) LGA will be issuing a communications document for Scheme members.

Annual allowance communications

From 6 April 2014 the annual allowance for tax relief on pension savings in a registered pension scheme was reduced to £40,000. An annual allowance charge will be due where a member exceeds the annual allowance and does not have sufficient unused annual allowance to carry forward from previous tax years. Further information on carry forward can be found at <http://www.hmrc.gov.uk/tools/annualallowancelimit/index.htm>.

It is really important that those who have exceeded the annual allowance for 2014 to 2015 across all of their pension schemes declare this on their Self Assessment Tax Return (the deadline for submitting this is 31 January 2016). They'll also have to pay a tax charge. Further information on paying tax charges can be found at <https://www.gov.uk/tax-on-your-private-pension/annual-allowance>.

Members can use HMRC's online tools and calculators to help check whether they need to declare and pay an annual allowance tax charge, even if they haven't received a pension statement. These can be found at [HM Revenue & Customs: Pension savings annual allowance calculator - introduction](#)

Lifetime allowance

We still await details of the protections that will be put in place for the reduction to the lifetime allowance to £1million that will be effective from 6th April 2016, and which was announced in this year's Spring Budget. As soon as further details are known on the protections which the Government proposes to adopt, we will make Employers aware.

In the meantime, Employers are encouraged to make any members who may benefit from individual protection 2014 (protection from the reduction to the lifetime allowance of £1.25 million which became effective in April 2014) aware that they may still apply for this protection up until 5th April 2017.

Ceasing of National Insurance Rebate from April 2016

Employers need to be aware of and should be planning for increases in the amount of National Insurance (NI) they will be paying from April 2016. The amount could be significant, will require changes to payrolls and may need additional budgetary provision for 2016-17 onwards.

We have added two briefings prepared by the LGA which will assist employees and employers to help them understand why their NI contributions will increase and by how much.

- <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/employers/employers-guides-forms-and-booklets/> to view the Employer Q&A
- <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/scheme-members/guides,-forms-and-booklets/> to view the New State Pension Q&A

This loss of rebate will mean that most employees in contracted out pension schemes will see their take home pay decrease. It will also see employers NI contributions increase. This may impact assumptions made in budget planning. **Employers should make LGPS scheme members aware of the impact on their pay, effective April 2016.** To this purpose, please direct all scheme members to the LGA "New State Pension" Q&A or make use of the State Pension toolkit as detailed below.

DWP State Pension toolkit

DWP's State Pension toolkit contains guidance, video, fact sheets, info graphics and photo case studies to help employers communicate the April 2016 changes to the State Pension.

The straightforward, downloadable materials cover topics across all State Pension changes including the current State Pension, the new State Pension and how it will be calculated, State Pension top up, deferring your State Pension, State Pension for the self-employed, contracting-out, and National Insurance with recent content covering derived and inherited State Pension and explanations of terminology used.

DWP are encouraging employers to download and use this information to help explain the changes to their employees. You can access the State Pension Toolkit at <https://www.gov.uk/government/collections/state-pension-toolkit>

Distribution and feedback

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