

# ES East Sussex PF Pension Fund

## Local Government Pension Scheme (LGPS)

### East Sussex Pension Fund Employers Newsletter

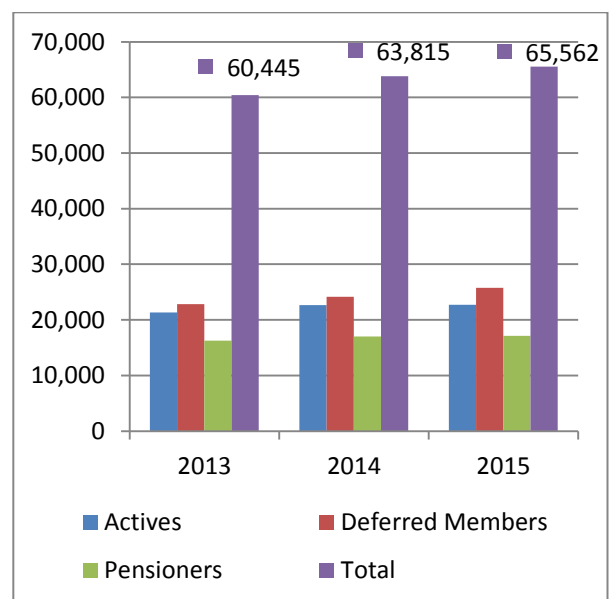
July 2015

Welcome to the July 2015 Newsletter for employers' participating in the **East Sussex Pension Fund (ESPF)**. This newsletter is designed to inform and update you on issues that will affect you in relation to the LGPS and how the Fund is administered on your behalf.

In this edition we look at :

- ❖ Membership
- ❖ The East Sussex Local Pension Board (LPB)
- ❖ Discretions under the LGPS 2014
- ❖ LGPC secretariat communications
- ❖ Annual Benefit Statements
- ❖ Removal of the National Insurance Contracting out Rate
- ❖ Administration Strategy Statement
- ❖ PensionsWEB
- ❖ Pension Fund Report and Accounts 2014/15
- ❖ Employers Forum

**Membership** – The Fund membership continues to grow. As at 31 March 2013 there were over 60,000 members, at 31 March 2014 over 63,000 members and over 65,000 members as at 31 March 2015. There are three main categories of membership, Actives (current contributing members), Deferred (members who have frozen their benefits) and Pensioners (members who are in receipt of a pension). Please see below a chart showing the East Sussex Pension Fund (ESPF) membership trends since the year 2013.



**The East Sussex LPB** – As mentioned in the September 2014 Newsletter to employers, the Public Service Pensions Act requires all public sector pension schemes to have in place a local pension board by 1<sup>st</sup> April 2015. Accordingly the LGPS Regulations were amended to set out how local pension boards should be established by administering authorities.

The Public Service Pensions Act also gives a greater responsibility to the Pensions Regulator to ensure improved governance and administration. Consequently, the Regulator has issued a Code of Practice and a policy on the compliance standards he will expect public service pension schemes to follow. These two documents can be found at:

<http://www.thepensionsregulator.gov.uk/codes/code-of-governance-administration-public-service-pension-schemes.aspx>

<http://www.thepensionsregulator.gov.uk/docs/compliance-policy-public-service-pension.pdf>

The key role of the LPB is to assist the East Sussex Pension Fund to comply with the Regulator’s Code of Practice to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.

The local pension board is required to have on it at least two employer and two scheme member representatives. The composition and terms of reference of the LPB for East Sussex was agreed by the County Council and accordingly the LPB consists of 7 members as follows;

| Representing      | Organisation              | Revised Board Members |
|-------------------|---------------------------|-----------------------|
| Employer          | University of Brighton    | Sue McHugh            |
| Employer          | Wealden District Council  | Cllr. Brian Redman    |
| Employer          | Brighton & Hove C.C       | Cllr Kevin Allen      |
| Scheme Members    | UNISON                    | Angie Embury          |
| Scheme Members    | GMB                       | David Zwirek          |
| Scheme Members    | Pensioners Representative | Tony Watson           |
| Independent Chair |                           | Richard Harbord       |

The LPB held their first meeting on the 10<sup>th</sup> July 2015, the minutes of which are available on the County Council website.

**Discretions** – As mentioned in the September 2014 employer newsletter all employers are required to prepare a statement of its policy in relation to the exercise of its discretionary functions and send a copy of this statement to the administering authority. A majority of employers have now submitted their revised discretions to us and we thank you for your co-operation. If you are yet to return your policy statements, please take this as a reminder. If you are unsure as to whether you have returned your statement please contact the Fund.



**LGPC secretariat communications for Employers** - The LGPC

secretariat has expanded its information and guidance for LGPS employers which can be found on their website at: <http://www.lgpsregs.org/index.php/guides/hr-guide-to-the-2014-scheme>

This guide is aimed at HR colleagues to provide a summary of the aspects of the LGPS 2014.

**Annual Benefit Statements** – Employers



should now have submitted their end of year returns. For those outstanding returns, employers are encouraged to submit this information as

soon as possible to ensure the Fund meets its statutory requirements and comply with the Regulator’s Code of Practice. Once all employers have provided their end of year data, the annual benefit statements for scheme members will be finalised and processed. The benefit statements issued this year will be the first statements required under the new LGPS CARE arrangements and should be available by the end of August 2015.

**Removal of the National Insurance Contracting out Rate**– One of the knock on

effects of the Government’s move to simplify the State pension system, and introduce a ‘single tier’ State pension, is that “contracting out” will be abolished from 6 April 2016. This will have a financial impact on all public sector schemes hitting scheme members and employers with increases to National Insurance contributions. This was mentioned in the previous Newsletter and for information is repeated below.



**Financial Impact:** For local authority employers, which will include academies, further education colleges and admission bodies, the abolition of contracting out will see

an increase to the payroll bill for each scheme member who is contracted out, and each of those scheme members will see an increase in their National Insurance contributions. The Pensions Act 2014 contains 'statutory override' for private sector employers who can increase employee contributions or reduce future pension accrual to offset the increase, but this is not an option that is open to public sector employers. The Local Government Association (LGA) did lobby on the increased cost to scheme members and LGPS employers at a time when finances are strained and for the cost to be recycled into LGPS Funds. Without committing that such recycling would occur, the Chief Secretary of the Treasury wrote to the LGA to confirm that officials could meet to discuss how this could practically be achieved. Unfortunately nothing further has been communicated on this subject.

**Administration Impact:** From April 2014 HMRC have been offering a Scheme Reconciliation Service to enable scheme



administrators to reconcile the contracted-out membership and GMP information held on scheme records against the information held on HMRC records, in advance of the ending of contracting-out in April 2016. In line with good governance and in keeping with the record keeping requirements set out in the Pension Regulator's draft code of conduct in governance and administration. The East Sussex Pension Fund has registered with this service and work is currently being undertaken to conduct an initial data matching exercise. Once this is completed the Fund will consider the next steps and will keep employers informed accordingly.

### **Administration Strategy Statement** –

The pension scheme regulations give the ESPF the discretion to introduce a pension administration strategy. The purpose of this is to state the service we provide and the Fund's expectation of service delivery from employers. We are currently considering the implications of this in light of the Pension Regulator's Code of Practice and we will be consulting with stakeholders in due course.

**Pensions WEB** – The East Sussex Pension Fund is utilising a PensionWeb system which is contracted with its actuarial and benefit consultants Hymans Robertson. It is a secure Employer portal designed to streamline information transfer and validation between Employers and the Fund. This system will benefit employers by providing immediate validation checks, improve data quality and generate greater efficiencies across a number of transactional administrative processes. PensionsWEB was launched on 01 July 2015. A number of the larger Employers within the Fund have received training on the product and I am pleased to advise that feedback from employers has been positive. The intention is for these Employers to gradually build up the functionality of the product they are using whilst also rolling the product out to the medium to smaller sized Employers in the Fund by the end of this year.

### **Pension Fund Report and Accounts**

**2014/15:** - The Fund outperformed the average local authority Fund over the year by 1.6% ranking the East Sussex Pension Fund in the 22<sup>nd</sup> percentile in the local authority universe. The full Fund annual report will be available on the County Council Website by the end of July 2015.

**Annual Employers Forum** - This year's East Sussex Pension Fund (ESPF) employer's forum is being held on the 20th November 2015 at County Hall. Further details will be emailed prior to the event.

### **Contact Details:**

**Any queries concerning the contents of this Newsletter should be directed to:**

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