



**Local Government Pension Scheme
(LGPS)**

Employers' Newsletter

March 2016

Introduction

Welcome to this edition of the Employers Newsletter, which concentrates on what the forthcoming actuarial valuation will mean for Employers. The actuarial valuation is one of the most important aspects of administering a pension fund. It is an opportunity to assess the financial position of the pension fund and to ensure that arrangements are sustainable for the fund.

Items covered in this issue

- Data Requirements
- Timetable
- Results

Data Requirements

2016 is of course a Fund valuation year, and as advised last month it is extremely important that year end returns are provided to the Pensions Administration Team by no later than 3 May 2016. Any delays in receiving this information will impact on the Council's ability to produce Annual Pension Benefit Statements to your employees, but more importantly could delay submission of the required Fund information to our Actuary, Hymans Robertson. This in turn would then lead to a delay in the notifications of valuation results to yourselves to consider for financial planning purposes.

You should now have received from the Pensions Administration Team the information that they require, in respect of the year end returns. If you have not received anything could you please contact the officer below.

Timetable

The following is an outline of the timetable we hope to be working to for the valuation 2016.

- Employers to return data to the Pensions Administration Team by 3 May 2016,
- Data queries identified by the Pensions Administration Team to be raised with employers and satisfactorily resolved by 8 July 2016,
- All data issues to be finalised and data to be submitted to Hymans Robertson by end July 2016,

- Initial (whole fund) results provided to East Sussex County Council in September 2016,
- Provision of individual results to each Employer in November 2016 (1 week prior to the Pensions Forum). The Employer consultation period begins.
- Employers Pensions Forum in November 2016. The Actuary will describe the Funding Strategy and what this means for each type of Employer,
- In the days following the Pensions Forum, Employers may attend a meeting with the Fund Actuary to discuss their individual results,
- At the end of the Employer consultation period in February 2017, final contribution rates will be communicated,
- New rate of employer contribution effective from 1 April 2017.

Results

Clearly all employers will be interested to know what their employer contribution rates will be going forward.

There is a wide and diverse range of employers participating in the Fund. The funding strategy should therefore be flexible enough to reflect the different risk characteristics of each employer in order to ensure that the Fund remains safe. This means that the approach taken by the Fund Actuary to set contribution rates will differ for each employer, for example;

- For long-term secure employers (such as Local Authorities), a contribution stability mechanism exists to ensure that changes in contribution rates reflect the long term nature of their participation in the Fund.
- For short-term employers (such as contractors), contribution rates should be set in order to reduce the likelihood of the employer owing a debt to the Fund at the end of the contract.

Contribution rates set at the 2016 valuation will commence from 1 April 2017 and will apply until 31 March 2020. Given the continuing challenges in the financial markets and the impact of this on the Fund's assets and the valuation of the liabilities, Employers should, in general, expect an increase in contribution rates from April 2017.

The Fund recognises, however, that budgets are stretched for employers. We will work with the Actuary to try to avoid large increases in contributions where this is possible and in keeping with the Fund's objectives.

To help Employers understand how the Actuary sets contribution rates, we will be offering all Employers the opportunity of a meeting with the Actuary following the Pensions Forum in November. These meetings will be set by-appointment only and further details will be provided closer to the event.

The Funding Strategy Statement will document the approach taken to set contribution rates from 1 April 2017. This is currently being revised for the 2016 valuation and will be made available to employers towards the end of the year.

Any enquiries concerning the contents of this Employers Newsletter should be directed to:

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