

## **Suffolk Pension Board**

(Quorum 2 – 1 member of each representative group)

### **Scheme Employer Representatives**

Councillor Richard Smith MVO, representing Suffolk County Council.

Homira Javadi, representing all Borough, District, Town and Parish Councils.

Marie McCleary, representing all other employers in the Fund.

### **Scheme Member Representatives**

Suzanne Williams, representing the Unions.

David Rowe, representing Active Members.

Eric Prince, representing Pensioners.

**Date:** Wednesday, 20 December 2017

**Venue:** Rose Room  
Endeavour House  
8 Russell Road  
Ipswich, Suffolk, IP1 2BX

**Time:** 11:00 am

For further information on any of the agenda items, please contact Rebekah Butcher, Democratic Services Officer, on 01473 264371.

## **Business to be taken in public**

1. **Apologies for Absence and Substitutions**

To note and record any apologies for absence or substitutions received.
2. **Declarations of Interest and Dispensations**

To receive any declarations of interests, and the nature of that interest, in respect of any matter to be considered at this meeting.
3. **Minutes of the Previous Meeting** Pages 5-11

To approve as a correct record, the minutes of the meeting held on 6 October 2017.
4. **Options to increase Pension Benefits** Pages 13-14

To receive a report summarising the way members can contribute more to earn extra pension benefits in retirement.
5. **Employer Manual** Pages 15-58

To review the contents of a draft employer manual intended to assist employers in understanding more about the scheme, and their obligations.
6. **Compliments, Complaints and Administration Performance** Pages 59-61

To receive a report summarising the compliments, complaints and administration performance of the Fund.
7. **Suffolk's progress on Pooling of Assets**

To receive an update on the development of the ACCESS pool.
8. **Pension Board Training Programme** Pages 63-76

To consider the training programme for the Board for 2018.
9. **Information Bulletin – Recent Developments** Pages 77-82

To receive an information bulletin on some recent developments that will be of interest to the Board.
10. **Forward Work Programme** Pages 83-87

To consider whether there are any matters which the Board would wish to have included in its Forward Work Programme.

**Date of next scheduled meeting – Monday, 19 March 2018 at 3:00 pm.**

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Email: [Committee.Services@suffolk.gov.uk](mailto:Committee.Services@suffolk.gov.uk); or by writing to:

Democratic Services, Suffolk County Council, Endeavour House, 8 Russell Road, Ipswich, Suffolk IP1 2BX.

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**Sue Cook**  
**Interim Chief Executive**

Minutes of the Suffolk Pension Board Meeting held on 6 October 2017 at 11:00 am in the Rose Room, Endeavour House, Ipswich.

Present: Councillor Richard Smith MVO (Chairman) representing Suffolk County Council), Marie McCleary (representing all other employers in the Fund), Eric Prince (representing Pensioners) and David Rowe (representing Active Members).

Supporting officers present: Rebekah Butcher (Democratic Services Officer), Paul Finbow (Senior Pensions Specialist), Stuart Potter (Pensions Operations Manager) and Sharon Tan (Pensions Technical Specialist).

### **13. Apologies for Absence and Substitutions**

Apologies for absence were received from Homira Javadi (representing Borough, District, Town and Parish Councils) and Suzanne Williams (representing the Unions).

### **14. Declarations of Interest and Dispensations**

Eric Prince and Councillor Richard Smith MVO declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

### **15. Minutes of the Previous Meeting**

The minutes of the meeting held on 19 July 2017 were confirmed as a correct record and signed by the Chairman.

### **16. Matters Arising – the Annual Employer’s Meeting, 22 September 2017**

The Chairman, Councillor Richard Smith MVO, gave a brief verbal report to the Board on the recent annual employer’s meeting he co-chaired with Councillor Andrew Reid, Chairman of the Suffolk Pension Fund Committee. Members heard there had been about 50 people in attendance, a higher number than the previous year (the attendance list is appended to these minutes on page 13). It was a nice atmosphere, with both chairmen giving a verbal report which was followed by various presentations from invited guests. The meeting finished on-time with a sandwich lunch provided for attendees. Many did stay for lunch and feedback to the Chairman received was that it had been a useful meeting. The Chairman informed the Board he was pleased with the outcome; it was an improvement on the year before and he believed it could be improved further. The Chairman was prepared to write a short one-page annual report on behalf of the Board which would include attendance records by Members at board meetings. In conclusion, the Chairman stated it had been a successful meeting and congratulated everyone involved.

Board Members echoed the good feedback received from their colleagues, stating that it had been a useful and interesting meeting.

### **17. Ill-Health Retirements**

At Agenda Item 4, the Board received a report which provided an overview of the ill-health retirement process for members of the Local Government Pension Scheme.

**Decision:** The Board noted the information provided and requested a short 'good practice' guide be put together for Members to review at its next meeting. This would form part of the Employer's Manual which would be brought in its entirety in draft form to the Board's December meeting.

**Reason for decision:** The Board had requested an overview of the process for ill-health retirement applications for members of the Local Government Pension scheme. It was noted that although the County Council had a robust process in place, this good practice was not always replicated in other organisations. However, Board Members did recognise that for some organisations this process may happen infrequently.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Councillor Richard Smith MVO declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

**Dispensations:** There were none granted.

### **18. Death Process**

At Agenda Item 5, the Board considered a report providing an overview of the administration process for deaths of pensioner members of the Local Government Pension Scheme.

**Decision:** The Board noted the information provided within the report.

**Reason for decision:** The Board requested to review the process for deaths of Pensioner members of the Local Government Pension scheme as requested during its meeting on 19 July 2017.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Councillor Richard Smith MVO declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

**Dispensations:** There were none granted.

## **19. Compliments, Complaints and Administration Performance**

At Agenda Item 6, the Board received a report which provided an update on the performance of the Pensions Administration Team. The report also included details of compliments and complaints, previously a separate paper, as requested by the Board.

Members were pleased with the 100% target achievement of service level agreements and congratulated the Pensions Administration Team. Members heard that although some problems arose during the issuing of Annual Benefit Statements these were all issued by the 31 August deadline. The Team had reviewed its procedures and would improve upon the process for next year. Members also noted that the task had been delayed due to one employer not providing completed data. Ideally this should be completed by the end of June to ensure deadlines are met without undue stress.

Members also heard there had been an increase in the number of employees signing-up to use the new self-service system. The Pensions Operations Manager had given a demonstration on the new self-service system at the annual employer's meeting, and had subsequently been asked to provide a demonstration to one of the employers; this opportunity had been offered to all employers and it was hoped there would be great take-up.

**Decision:** The Board noted the information provided within the report.

**Reason for decision:** To provide the Board with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Councillor Richard Smith MVO declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

**Dispensations:** There were none granted.

## **20. Securities Lending**

The Board received an Information Bulletin at Agenda Item 7 covering Securities Lending.

One Member raised a cost-benefit query with the perceived complication of the process. Members heard that the process was mechanised, and all that was required by the Pensions Administration Team was to bank income once a statement was received. This was a relatively low-risk process, and although the Fund did not receive a huge amount of income, it did not really impact much upon the administration of the scheme.

**Decision:** The Board noted the Information Bulletin.

**Reason for decision:** The Board requested an information bulletin to gain further knowledge on the Securities Lending process.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Councillor Richard Smith MVO declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

**Dispensations:** There were none granted.

## **21. Suffolk's Progress on the Pooling of Assets**

At Agenda Item 8, the Committee received a verbal update from the Senior Pensions Specialist on the development of the ACCESS pool.

Members heard that the Chairman of the Suffolk Pension Fund Committee, Councillor Andrew Reid, had been appointed as Chairman of the ACCESS Pool Joint Committee for two-years; he was unopposed.

The operator procurement tendering process closed on 6 October 2017 (during today's meeting), and the Senior Pensions Specialist, along with his counterparts at other Funds, would be reviewing the submissions during the coming week with a decision notified in November 2017.

Members also heard that after a procurement exercise and receiving four bids, the Suffolk Pension Fund would be leaving Legal & General and moving to UBS for management of passive investments. This was due to a substantially lower fee quote, saving the Fund in the region of £700,000 per annum. UBS have won the contract for the next 10-years, fixed to these prices until 2028, with two extensions, and this was the first positive to come from the pooling activity in terms of delivering savings.

One Member raised concern in relation to the UBS contract's sustainability. The Board heard that UBS were already working with two other funds within the ACCESS pool. Their experience was positive and UBS had met the required benchmarks. The concern was acknowledged by the Senior Pensions Specialist however he informed Members that the bid had been reviewed by an independent organisation and it appeared they were determined to win the business.

Members were informed that it was the expectation of the Joint Committee for the operator to start creating sub-funds to be available for investment by June 2018. The intention being that by the middle of next year, arrangements for new passive investment management would be complete with £11 Billion, and a further £8-10 Billion invested in the new sub-funds, so around £20 Billion of the Fund's assets could be pooled in the next year.

## **22. Pension Board Risk Register**

At Agenda Item 9, the Board received a report setting out the Risk Register as approved on 9 March 2017 and how the risk control measures had been implemented against the risks.

**Decision:** The Board:

- a) reviewed and approved the implementation of the risk control measures and the Pension Board Risk Register; and



- b) requested future Pensions Administration reports include a section on upcoming statutory report deadlines and whether they had been met.

**Reason for decision:**

- a) Risk management was a key responsibility of those charged with Pension Fund governance with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.

The effective management of risk was also an area which was covered within the CIPFA Knowledge and Skills framework which recognised the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps could be taken to mitigate such risks.

- b) The Board noted the risk of failure to submit a statutory report by a government deadline was covered by SPB04 on the Risk Register. It was helpful for the Board to better understand the regulatory requirements of the Fund.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Councillor Richard Smith MVO declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

**Dispensations:** There were none granted.

### **23. Information Bulletin: Recent Developments**

The Board noted the Information Bulletin at Agenda Item 10 and requested the Senior Pensions Specialist convey to the Suffolk Pension Fund Committee that given the lower fees presently available, the Committee should consider the level of passive investments in order to take advantage if possible.

### **24. Forward Work Programme**

The Board received a copy of its Forward Work Programme at Agenda Item 11.

**Decision:** The Board agreed its Forward Work Programme with the inclusion of:

- a) reviewing the updated draft version of the Employer's Manual which would include a 'good practice' section for ill-health retirements – to be received at its next meeting;
- b) exploring the digital engagement opportunities with active members – added to its March 2018 meeting;
- c) receiving a report of Additional Voluntary Contribution (AVC) providers, to include options for buying extra pension – added to its next meeting;
- d) reviewing and approving the Pension Administration Teams policy review process – to be determined;
- e) reviewing communications to pensioners (in simple language), and the continuing ACCESS pooling arrangements – added to its July 2018 meeting;

- f) to agree the Annual Employer's Meeting 2018 agenda and arrangements – added to its July 2018 meeting;
- g) to provide an information bulletin update on MiFiD II – to be received at its next meeting; and
- h) to have sight of the Suffolk Pension Fund Committee's forward work programme in order to plan work in conjunction with them – to be received at its next meeting.

It was also agreed that:

- i) the Board work towards planning a half-day training session to meet the necessary requirements as Board Members;
- j) to offer one external training course per annum to each Member of the Board; Members would be required to submit a report following the session;
- k) for the Board to have sight of the Suffolk Pension Fund Committee's training plan should they wish to attend any free sessions; this would be appended to the report being presented at the Boards next meeting; and
- l) to change the Board's next meeting date to 20 December 2017 due to a planned meeting of the ACCESS Pool Joint Committee on 13 December.

**Reason for decision:** The Forward Work Programme was the responsibility of the Board under its Terms of Reference.

*The meeting closed at 12:22 pm.*

Chairman



## SUFFOLK PENSION FUND ANNUAL EMPLOYERS MEETING ATTENDEES

### Hosts

Cllr Richard Smith – Chair of the Pension Board  
Cllr Andrew Reid – Chair of the Pension Committee

### Pension Fund Officers

Paul Finbow  
Sharon Tan  
Stuart Potter  
Andy Chapman  
Gemma Brothwell  
Carolyn Lowden

### Actuary

Craig Alexander – Hymans Robertson

### Employer Attendees

Lisa Jones	Consortium Academy	Jenny Hunwicke	St Albans
Tracy Darby	Priory	Greg Stevenson	Bury and Forest Heath
Mandy Rozier	Farlingaye	Katherine Steel	Babergh and Mid Suff
Nicola Discombe	Ormiston Sudbury	Greg Luton	Bury St Ed Town Coun
Teresa Snowling	Thomas Wolsey	Katy Frith	Havebury Housing
Emily Fishwick	Stoke High School	Niki Hedges	Leading Lives
Jenny Vaughan	St Mary's Mildenhall	Nikki Earl	Tilian Partnership
Stephen Jones	Suffolk One	Kes Cullimore	Stowupland High
Gail Ollason	Suffolk One	Nicky Hooper	Stowupland High
Corinne Bundy	Suffolk One	Holly Field	SCC
Sharon Williets	Raedwald Trust	Anita Collett	Kesgrave High School
Julie Dorling	Schools Choice	Tracy Wilmott	Debenham High
Chris Heath	Schools Choice	Fi Thomson	Ipswich Borough
Hannah Warmisham	Schools Choice	Linda Bennet	St John the Baptist
Joyce Savage	ACER	Jo Debbage	St John the Baptist
Jo Heal	Suffolk Police	Jonathan Mcmanus	Flagship
Melanie Monaco	Suffolk Police	Janet Rumsby	Suffolk New College
Lucy Webberburn	Active Learning Trust	Richard Quinton	Suffolk New College
Zack Gilbert	South Suffolk Leisure	Tom Stockdale	Concertus
Vanessa Savine	South Suffolk Leisure	Bev Last	Sentinel Leisure
Rachel Lopes	Sentinel Leisure		



**Suffolk Pension Board**

<b>Report Title:</b>	Options to increase Pension Benefits
<b>Meeting Date:</b>	20 December 2017
<b>Chairman:</b>	Councillor Richard Smith MVO
<b>Director:</b>	Aidan Dunn, Interim Director of Resource Management
<b>Assistant Director:</b>	Louise Aynsley, Head of Finance (S151 Officer) Tel. 01473 264347
<b>Author:</b>	Stuart Potter

**Brief summary of report**

1. This report provides the Pension Board with information on how members can pay extra contributions to increase their retirement benefits.

**Action recommended**

2. To consider the information provided and determine any further action.

**Reason for recommendation**

3. To provide the Board with information on how members can increase their retirement benefits by making extra contributions.

**Alternative options**

4. There are no alternative options.

**Main body of report**

5. Some members wish to increase their retirement income which can be achieved by paying extra pension contributions. There are two options for members to choose from which are purchasing extra pension through additional pension contributions (APC) or by paying additional voluntary contributions (AVC's) to the 'in house' AVC schemes. Both options provide the member with tax relief on the extra contributions they pay.
6. Additional pension contributions can only be used to increase benefits if the member is in the main part of the scheme. If the member was in the 50/50 section of the scheme they would simply need to revert to the main section of the scheme to increase their benefits.
7. There is a maximum annual amount of additional pension that can be purchased which for 2017/18 is £6,755. This figure increases each year in line with the cost of living.
8. A member can choose to buy extra pension by spreading the payment over a number of complete years (unless they are within 1 year of your normal pension age) or by making a one-off payment.

9. It is possible for an employer to contribute towards the cost of the extra pension however the member must have written confirmation of the share that the employer has agreed to pay before making the application.
10. An employer should have a discretion policy on whether or not they would consider contributing to such an arrangement.
11. The cost to purchase the extra pension will vary depending on the age of the member in addition to the payment option/length of repayment. There is an online calculator available via a link from the Suffolk Pension website that allows members to easily calculate the costs of buying an additional pension.
12. Suffolk Pension Fund requires a satisfactory medical report to be submitted, at the members cost, before any application is accepted.
13. Additional pension contributions can also be paid to buy lost pension if a member is absent from work as a result of industrial action, authorised unpaid leave or unpaid additional child related leave. This can be purchased if the member is in the main or the 50/50 section of the scheme.
14. If a member is purchasing lost pension and elects to cover the break within 30 days of returning to work (or longer if the employer allows) the employer will meet two thirds of the cost (unless the absence is due to industrial action).
15. While additional pension contributions are kept within the Local Government Pension scheme, additional voluntary contributions are invested outside of the scheme with an external provider.
16. When purchasing additional voluntary contributions, a member can choose how much to pay and how it is invested. Currently there are two different AVC providers offered by the Suffolk Pension Fund (Standard Life and Clerical Medical).
17. There are a range of options available for the member to invest in. These include asset classes in the form of equities and bonds, money market instruments including cash and property. Each of the offerings has a different risk / return profile. It is down to the member to decide which asset classes they wish to invest in, and understand the risks as well as potential returns.
18. When contributions are taken from members' salaries the money is paid over to the relevant AVC provider who invests it in accordance with their wishes.
19. When members access their AVC monies they can normally choose to take it as a guaranteed income (annuity) or a flexible income (drawdown), a lump sum or leave the money invested for a different nominated retirement date. However, when taking the money tax limits will influence how a member can take their money (e.g. a 25% limit on tax free lump sums).
20. We are currently reviewing the Fund's AVC providers to ensure we are offering a good product for our members. Hymans Robertson is assisting with the review of the providers from an investment return perspective. Once the review is completed the outcome will be shared with the Board.

<b>Sources of further information</b>
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- |         |
|---------|
| a) None |
|---------|

**Suffolk Pension Board**

<b>Report Title:</b>	Draft Employer Manual
<b>Meeting Date:</b>	20 December 2017
<b>Chairman:</b>	Councillor Richard Smith MVO
<b>Director:</b>	Aidan Dunn, Interim Director of Resource Management
<b>Assistant Director:</b>	Louise Aynsley, Head of Finance (S151 Officer) Tel. 01473 264347
<b>Author:</b>	Andy Chapman, Pensions Technical Specialist

**Brief summary of report**

1. This report provides the Board with the opportunity to comment on the draft Employers Manual.

**Action recommended**

2. To consider the draft Employers Manual before it is shared with employers in the Fund.

**Reason for recommendation**

3. The Board requested to see a copy of the draft to enable them to comment on it before it is issued to employers

**Alternative options**

4. There are no alternative options.

**Main body of report**

5. At the Board's last meeting the Board received a report on the Ill health process and the requirements that fall on employers.
6. The Board were informed that a draft of a new Employers Manual was in the process of being produced which would include the requirements for considering Ill Health.
7. The Board asked to see the draft manual before it was sent to Employers. The current draft is attached at Appendix 1.
8. The Board is asked to comment on the draft, and suggest any amendments that it deems appropriate.
9. The manual will then be updated and issued to Employers in January 2018.

**Sources of further information**

- a) None





# **THE LOCAL GOVERNMENT PENSION SCHEME**

## **EMPLOYERS MANUAL**

## **Foreword**

As you are aware, the County Council carries out pension scheme administration and my staff are here to help you on all administration matters. Pensions can be a very complicated subject and we do not expect you and your staff to have the expertise to handle the many and varied queries that crop up in the course of a year. Please do feel free to refer any points or questions to us to deal with.

The ability to administer the scheme effectively and to give both you and your employees good service depends on creating and maintaining an accurate database of all pension scheme members of your authority. This requires good communications to be maintained between us. Hopefully this booklet will help explain the more common areas of the regulations, detail what information we require and what service you and your employees can expect from us.

Paul Finbow

Senior Pensions Specialist

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## Introduction

This booklet is designed to assist employers who provide access to the Local Government Pension Scheme to their staff. It contains the information required to deal with pension issues on a day-to-day basis. Some areas will, however, require reference to the Pensions Section staff to ensure correct application. Contact details for the pension section can be found on page 5, please refer any areas about which you are unsure.

This booklet is for general use and cannot cover every aspect of every case. Each employee has individual rights under the local government pension scheme and it is possible that the generalities referred to in this booklet do not apply in all cases. It is always best to refer individual queries to the pension section for clarification.

Please do not give advice about pensions. Advice should only be given by registered financial advisers. The pensions section will not give advice either. We will, however, give all the information possible to the pension scheme member in order that they may make informed decisions about their pension position.

Phrases in italics are defined in the glossary on page 42.

Further information can be found in the Local Government Association online HR and Payroll guides found at: <http://lgpsregs.org/resources/guidesetc.php>  
(Look for 'HR and Payroll' in the 'Subject' column.)

## **Pension Section Contact Details**

Email: pensions@suffolk.gov.uk

Telephone: 03456 053000

Fax: 01473 286026

Address: Pension Section  
2<sup>nd</sup> Floor, Constantine House  
5 Constantine Road  
Ipswich  
Suffolk  
IP1 2DH

### **Secure Portal**

If you have a GCSX email account, you can send data securely from your GCSX email account to [pensions@suffolk.gcsx.gov.uk](mailto:pensions@suffolk.gcsx.gov.uk)

Alternatively, in order to ensure that data sent electronically is sent securely, you may use the secure Cisco portal. This portal provides a secure line between your email address and the pension email inbox. Please contact the pension helpdesk if you are unsure on how to use the portal.

## **Who can join the pension scheme?**

All employees who have a contract of employment for more than 3 months are eligible to join the pension scheme. These employees are automatically members of the pension scheme and contributions should be deducted from the start of their employment. However, they may opt out of the scheme if they wish.

Please note that this does not apply to Teaching Staff who are eligible for the Teacher's Pension Scheme.

A person who is eligible for membership of the LGPS and who is employed under a contract of employment of less than 3 months is contractually enrolled on their "automatic enrolment" date. Please refer to The Pensions Regulator for detailed guidance on auto-enrolment: <http://www.thepensionsregulator.gov.uk/doc-library/automatic-enrolment-detailed-guidance.aspx>.

If a person employed under a contract of less than 3 months has that contract extended to be for 3 months or more and they have not already joined the LGPS they should be brought into the Scheme on the first day of the payment period following the extension to the contract of employment.

In order for a contract to be a 'contract of employment' there must be a mutuality of obligation between the employer and the employee. If there is no obligation for the person to accept work that is offered to them, and similarly there is no obligation for you to offer work, there is no mutuality of obligation and therefore no contract of employment. It is up to you to assess whether the casual is an employee or a worker. If the casual is an employee then they can join the pension scheme. If they are a worker then they cannot.

There is no minimum age limit for entry to the scheme Employees may not become a member if they are aged 75 or over.

## **Automatic Enrolment**

As an employer, you will need to be aware of your responsibilities under the pensions automatic enrolment legislation. These are regulated by the Pensions Regulator and information can be found at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk). You will need to know your 'staging date' and the implications for non-compliance. These can be found on The Pension Regulator's website.

## **Opting in**

If, after opting out, an employee opts into the local government pension scheme at a later date, contributions are due from the first day of the first *payment period* following the application. Employees can opt in by completing the Opt In form available from the About Us section of our website:- [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org)

## **Notification of new pension scheme member**

You can notify the pension section of new pension scheme members either by electronic interface (excel spreadsheet) or by sending us the 'New Starter Form' form (word document).

The 'New Starter Form' consists of two sections. Section 1 is for the member to complete to provide details of any previous pension rights. **All new starters must be given a copy of this form to complete and return.** It is important that the employee provides the relevant information as failure to do so could jeopardise certain pension protections they may have under the Public Service Pensions Act 2013 and / or the rules of the LGPS. The form includes the option for members to tell us if they have previous pension rights that they do not wish to investigate transferring.

Section 2 can be used by you (the employer/payroll provider) to complete and return to us with the member's starter details, however we would recommend use of the starters spreadsheet for this purpose. If the starter spreadsheet has been used we do not require Section 2 of the 'New Starter Form' to be completed.

The starter form or spreadsheet should be sent to the Pensions Section as soon as possible, but in any case within 10 working days of the end of the month in which the member joined the scheme as required by the administration strategy.

On receipt of the electronic interface/form, the member will be set up on our members database.

In order to correctly assess any benefits due, we need to verify employees' names and dates of birth. It helps to verify this when a member joins the scheme, rather than wait until a benefit becomes due (with the possibility of payment being delayed whilst verification takes place). We ask to see birth certificates and also evidence of any change of name since birth ie marriage certificate, deed poll etc. We do ask for originals to be produced, however, we can accept photocopies of the originals taken at your offices if those copies are endorsed 'certified true copy of original' then dated and signed by a member of your staff – not the employee in question. These copies can then be submitted to the Pensions section and the original certificates returned immediately to the employee. Alternatively, the originals can be scanned and emailed to [pensions@suffolk.gov.uk](mailto:pensions@suffolk.gov.uk) as long as you write in the email that the attached scanned copies are true copies of the originals.

## **How much does the employee pay?**

An employees' contribution rate depends on their estimated actual pensionable pay (not full-time equivalent) for the year 1 April to 31 March. The rate will be between 5.5% and 12.5%. You will need to decide which pay band each employee falls into using the following table:

Band	Actual pensionable pay for an employment	Contribution rate for that employment
1	Up to £13,700	5.5%
2	£13,701 to £21,400	5.8%
3	£21,401 to £34,700	6.5%
4	£34,701 to £43,900	6.8%
5	£43,901 to £61,300	8.5%
6	£61,301 to £86,800	9.9%
7	£86,801 to £102,200	10.5%
8	£102,201 to £153,300	11.4%
9	£153,301 or more	12.5%

This is the contribution table for 2016/17, the salary ranges will be increased on 1 April 2017 and each April thereafter, in line with the cost of living.

Each employer should assess the appropriate band in a reasonable and consistent manner.

Having determined an appropriate contribution rate (whether individually or by an automated process on payroll), the employer must (as soon as is reasonably practicable) notify the employee of the contribution rate to be deducted from the employee's pensionable pay and the date from which the rate is payable.

It is for the employer to determine the method by which the notification is given to the employee but the notification must contain a statement giving the address from which further information about the decision may be obtained; must notify the employee of the right to appeal to an adjudicator against the decision (which must be lodged within 6 months of being notified of the initial decision, or such longer period as the adjudicator may allow); must set out the job title and address of the adjudicator (i.e. the person the employer has appointed to consider appeals); and must notify the employee that, if they are unhappy with the adjudicator's decision, they would have the right to ask the administering authority, within 6 months of the adjudicator's decision, to undertake a further review of the decision.

## **Pensionable Pay**

Pension contributions are due on pensionable pay, defined as:

- all the salary, wages, fees and other payments paid to the employee for their own use in respect of their employment; and
- any other payment or benefit specified in an employee's contract as being pensionable.

Pension contributions cannot be paid on:

- any sum that has not had income tax liability determined on it



- any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment;
- any payment in consideration of loss of holidays;
- any payment in lieu of notice to terminate a contract of employment;
- any payment as an inducement not to terminate employment before the payment is made; and
- any amount treated as the money value to the employee of the provision of a motor vehicle or any amount paid in lieu of such provision.
- any payment in consideration of loss future pensionable payments or benefits
- any award of compensation (excluding any sum representing arrears of pay) for the purpose of achieving equal pay in relation to other employees;
- any payment made by the Scheme employer to a member on reserve forces service leave;
- returning officer, or acting returning officer fees other than fees paid in respect of:-
  - i) local government elections
  - ii) elections for the National Assembly for Wales
  - iii) Parliamentary elections, or
  - iv) European Parliamentary elections

### **Income tax**

The local government pension scheme is fully approved by HM Revenue and Customs, which means that tax relief is given at source on the pension contributions i.e. the contributions are deducted from the salary before the salary is taxed.

### **National Insurance Contributions**

As of 1 April 2016 the local government pension scheme is no longer contracted out of the *State Second Pension* (S2P). Prior to this employees paid reduced rate National Insurance contributions on the earnings between the Lower Earnings Limit and Upper Accrual Point (Unless the employee opted to pay the married women's / widow's reduced rate of National Insurance contribution).

The Employer contracting out number – ECON – is E3900002R and the Scheme contracting out number – SCON – is S2700169E. The Pension Scheme Registry number for the Local Government Pension Scheme as a whole is PSTR00329946RE. The Pension Scheme Registry number for the Suffolk Pension Fund is 00328740RM

## **Member records to be maintained**

A separate record must be maintained for each job the employee holds unless the employer determines that a single employment relationship exists. This is the same requirement as under automatic enrolment legislation and the need to calculate pensions on a year by year basis means that separate records are vital to the task.

Examples of where the employer may determine a single employment relationship exists are:

- Two concurrent employments where, if one is terminated, the other must be terminated at the same time
- Sequential employments without a break (e.g. a promotion).

Where a single relationship does not exist, separate records will be required for each job in order to calculate and hold the data needed to correctly determine the amount of pension accrued in each year for each job.

## **Salary Sacrifice**

Salary sacrifice is where employees surrender some of their gross salary in exchange for a non-cash benefit (e.g. childcare vouchers, cycle to work schemes). Employees' pension scheme contributions are based on gross pay and are therefore not affected by salary sacrifice.

## Leave of absence on reduced or no pay

### Child-related leave

Type of Leave	Member pays basic pension contributions on	Employer pays contributions on	How period counts under the LGPS
OML (Wks 1-26) OAL (Wks 1-26) SPL	Actual OMP/OAP and/or SMP/SAP, if any, received (including any OMP/OAP paid as a lump sum on return to work)	Assumed Pensionable Pay	Counts in full as if the employee had been at work
Paid AML Paid AAL Paid SPL	Actual pay received	Assumed Pensionable Pay	Counts in full as if the employee had been at work
Unpaid AML/AAL/APL	No basic contributions are due	Not applicable - no basic contributions are due	Does not count

The abbreviations used in the tables above are:

OML - Ordinary Maternity Leave	OAL - Ordinary Adoption Leave
SPL - Statutory Paternity Leave	
OMP - Occupational Maternity Pay	OAP - Ordinary Adoption Pay
SMP - Statutory Maternity Pay	SAP - Statutory Adoption Pay
AML - Additional Maternity Leave	AAL - Additional Adoption Pay
KIT - Keep In Touch (day)	SPP - Statutory Paternity Pay

Note: If an employee is paying additional contributions to purchase extra annual pension or is paying additional pension contributions to purchase added years of membership, those additional contributions continue to be paid throughout the whole period of maternity/paternity/adoption leave on the employee's notional full pay. AVCs (where they are paid as a percentage) continue to be paid on any pay received. The employee can opt to stop paying any of these additional contributions if they wish.

## Sick leave

Type of Leave	Member pays basic pension contributions on	Employer pays contributions on	How period counts under the LGPS
Sick Leave – Full pay	Actual Pay received	Actual Pay	Counts in full as if the employee had been at work
Sick Leave – Half pay	Actual Pay received	Assumed Pensionable Pay	Counts in full as if the employee had been at work
Sick Leave – Nil pay	Actual pay received	Assumed Pensionable Pay	Counts in full as if the employee had been at work

### Assumed Pensionable Pay

The calculation of Assumed Pensionable Pay (APP) uses the 3 complete months or 12 complete weeks pensionable pay the member receives relating to that employment before the period of reduced contractual pay or nil pay due to sickness or injury, or relevant child related leave commenced or the date the member commenced reserve forces leave.

Further information regarding calculating Assumed Pensionable Pay can be found in the Payroll Guide to the 2014 Scheme:

<http://lgpsregs.org/resources/guidesetc.php>

(Look for 'HR and Payroll' in the 'Subject' column.)

### Industrial action:

Contributions are not payable during an absence from work because of an industrial dispute. The employee may elect to pay contributions for that period. If they do, they will need to take out an Additional Pension Contribution Contract (APC) to make up the pension "lost" for the period of the industrial dispute. The amount of 'lost' pension shall be calculated as 1/49th of the APP during the period of the trade dispute if the person was in the main section during that period, or 1/98th of the APP for the period of the trade dispute if they were in the 50/50 section during that period. Note that an employee can commence an APC in this circumstance even if they are in the 50/50 section. Employer's contributions are not due.

## **Notification of breaks in service**

For members who were born prior to 1 April 1957, the pensions section must be notified of any periods of service for which no employee or employer contributions have been paid. This is because the service does not count for pension purposes if the member has not paid contributions. You can send this information to us either by electronic interface or by completing the 'Change of Status' form for this purpose.

Please note that this only applies to members born before 1 April 1957 as they may have some 'underpin' protection under the 2007 LGPS regulations.

## **Additional Pension Contributions (APCs)**

An employee may elect to pay additional pension contributions over and above their normal contributions in order to be credited with additional annual pension. Employees can choose to buy up to £6,755 extra annual pension. The maximum of £6,755 (as at April 2017) will be increased each April.

Suffolk Pension Fund requires the employee to produce a report by a registered medical practitioner of the results of a medical examination (undertaken at the member's own expense) which will need to state that the employee is in reasonably good health having regard to their age. We will refuse an APC contract application if we are not satisfied that the member is in reasonably good health. Subject to that, a member can enter into an APC contract:

- To buy extra pension.

The employee may choose to make a one off contribution or regular additional contributions, with or without a contribution from the employer, in order to buy a set amount of additional pension. The cost (a cash amount NOT a percentage of pay) is determined by the employee's age and the amount they wish to purchase. An employer may, if they wish, agree to meet some or all of the cost of any additional pension purchased. Note that an employee cannot commence an APC in this circumstance if they are in the 50/50 section.

- To buy 'lost' pension for authorised unpaid leave of absence (including any period of unpaid additional maternity, paternity or adoption leave following a period of relevant child related leave i.e. following ordinary maternity, paternity or adoption leave and any paid additional maternity, paternity or adoption leave).

Where an employee elects to pay an APC to purchase any or all of the amount of pension 'lost' during the period of absence and makes the election within 30 days of returning to work the employer shall pay 2/3rds of the cost of the APC (a shared cost APC). The amount of 'lost' pension shall be calculated as 1/49th of the APP for the period of unpaid leave if the person was in the main section during that period, or 1/98th of the APP for the period of unpaid leave if they were in the 50/50 section during that period. An employee can commence an APC or shared cost APC in this circumstance even if they are in the 50/50 section.

The employee can get a quote by visiting:  
<https://lgpsmember.org/more/apc/index.php>.

The employee can use this online calculator to find out how much it will cost them. The employee can choose to pay these as a one off lump or a set amount of contributions over a period. These additional contributions must be deducted separately from the normal contributions but will automatically attract tax relief in the same way. If the employee wishes to proceed, they should print off the quote, sign it and send it to the Pensions section.

If a member wishes to buy extra pension they are instructed to send a copy of the application form to both us as the administering authority and to you as the employer.

**Please can you wait for our confirmation before processing any request from employees to buy extra pension.** This is because we also require a certificate from the member's doctor to confirm that they have a reasonable life expectancy with respect to their age. **Once all the required information has been received we will contact you to confirm that the application has been accepted.**

Please note that this does not apply to applications to buy lost pension (such as where a person wishes to buy lost pension due to a strike or unpaid leave etc) which does not require a doctor's certificate to be provided. The application form will state whether the member is buying extra pension or lost pension.

Additional pension contributions, together with all other pension contributions, must not exceed 100% of the employees' total taxable earnings in any one year.

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

An employee may elect to pay AVCs to one of the pension funds In House providers. These contributions are entirely separate from the normal pension fund contributions and can be in the form of a percentage contribution or a fixed sum each pay period. The rate or amount may be varied or ceased at any time.

Additional voluntary contributions automatically attract tax relief in the normal way. Arrangements that began before 1 April 2014 must not exceed 50% of the employees' taxable pay for any one employment. Arrangements that begin after 1 April 2014 can exceed 50% but cannot exceed 100% of the employees' taxable pay for any one employment. All AVCs that have been deducted must be paid over to the relevant company at the end of each pay period. The company must be supplied with a list detailing the name, National Insurance number, personal number and amount being paid over. The company will then invest that money in an individual fund for each person. It is important the pay over is prompt, as investment income could be lost on late payovers.

The County Council has contracted with two companies – Clerical Medical and Standard Life. You should hold a small supply of information from both companies for issuing to members interested in paying AVCs.

Clerical Medical and Standard Life have online services available for employees which include access to the current value of their fund, a statement of their contributions and information on changing funds.

Clerical Medical - [www.clericalmedical.co.uk](http://www.clericalmedical.co.uk)  
Standard Life - [www.standardlife.co.uk](http://www.standardlife.co.uk)

## **Employer contributions**

The employer pays a contribution to the pension scheme. You are notified of the rates following the triennial valuations. The employer contribution rate is expressed as a percentage of the employees' pensionable pay, however some employers also pay a fixed lump sum.

Employer contributions are payable on:

- the actual pensionable pay received by the employee in the pay period or part pay period (except where either of the two bullet points below apply, in which case the employer contributions are payable on the assumed pensionable pay figure and not on any actual pay received whilst assumed pensionable pay is in operation), and
- the assumed pensionable pay figure for the pay period (or part pay period) during which the member is on "relevant" child related leave (i.e. ordinary maternity, paternity or adoption leave or paid additional maternity, paternity or adoption leave), and
- the assumed pensionable pay figure for the pay period (or part pay period) whilst on sick leave on reduced or no pay (note that this is as a result of a decision being taken by HM Treasury).

In the case of Reserve Forces Service Leave, no contributions on either actual pay or assumed pensionable pay are necessary whilst on such leave because the employer contribution due will be paid to the administering authority directly from the Ministry of Defence.

It should be noted that the employer will pay the same employer contribution rate whilst a member is in the 50/50 section as the employer would pay if the member had been in the main section i.e. the employer will pay its contribution based on actual pensionable pay / assumed pensionable pay.

Any saving because of the reduced liability on the Fund of a period of 50/50 membership will be taken into account in the next triennial actuarial valuation.

## **Member changes during period of employment**

Change of hours:

The Pension Section needs to be notified of any changes in an employee's contractual hours, including moving from part time to whole time or from whole time to part time, only if:

- their date of birth is before 1 April 1957
- they commenced a contract to purchase additional pension prior to 1<sup>st</sup> April 2014

Change of name:

Please notify us immediately if an employee changes their name, remembering to send evidence of the name change. We ask for the original certificate or evidence to be produced. However, however, we can accept photocopies of the originals taken at your offices if those copies are endorsed 'certified true copy of original' then dated and signed by a member of your staff – not the employee in question. These copies can then be submitted to the Pensions section and the original certificate or document returned immediately to the employee.

Breaks in service:

The Pension Section need only be notified if the employee has had a period of service for which they have been given the option to pay contributions but have declined, only if:

- their date of birth is before 1 April 1957

A record of the dates when the option was given and any response should be retained in case of future dispute.

These periods where no contributions have been paid will be recorded as breaks in pension scheme membership and will not count towards entitlement to any benefit, nor in any calculation of benefits.

### **Notification of change of status**

You can send information on the changes mentioned above either by electronic interface or by completing the 'Change of Status Form'. Notification should be sent as soon as possible, but in any case within 10 working days of the end of the month in which the change took place, as required by the administration strategy.



## **Final Pay**

Pension benefits accrued before 1 April 2014 are based on total membership and full-time equivalent (FTE) final pay (for part-time or term-time members, this is their annual rate of pay if they worked 37 hours a week for 52.1429 weeks a year).

Final pay is normally the pay in the last year before leaving. However, if one of the previous two years' pay is higher, that higher figure is used, i.e. the best year in the last three years is used.

If a members FTE pensionable pay in a continuous period of employment is reduced or restricted because they are downgraded or they move to a job with less responsibility, then they may choose to have their final pay calculated as an average of their pay in any three consecutive years in the last ten years of employment (ending 31 March).

### **Certificates of protection**

Certificates of protection of pension benefits are no longer issued however, if a member was issued one prior to 1 April 2008 then it will still be valid.

If a certificate has been issued it remains in force for 10 years from the date of the reduction. If the member leaves within these 10 years they can elect that their final pay period, instead of being the best of the last three, is

- the best of the last five, or
- the annual average of any three consecutive years falling within the last 13 years.

The period chosen must end with the day that is the anniversary of the last day of employment, e.g. if the member leaves employment on 31 August any final pay period must end with this day, 31 August.

### **Variable-time Employees**

For variable-time employees, final pay is calculated as the average of all fees the employee has been paid in the last three years of employment. However, the employer may consent to final pay for variable time employees being calculated as the average of all fees for any three consecutive years ending 31 March within the last ten years of the members pensionable employment.

## **Divorce**

The local government pension scheme provides for the separation of pension benefits on divorce. In proceedings for divorce, judicial separation or nullity of marriage the member may be required to obtain the cash equivalent value of their pension rights from the Administering authority, which the Court will take into account in the divorce settlement.

The Court may offset the value of the pension rights against the member's other assets in the divorce settlement or may issue a Pension Sharing Order or an Earmarking Order against their pension.

An Earmarking Order may require that when the member's benefits come into payment the ex-spouse should receive one, or a combination of, the following benefits:

All, or part, of the pension,

All, or part, of the lump sum retiring allowance,

All, or part, of any lump sum paid in the event of the members death.

A Pension Sharing Order specifies the percentage of the pension rights that will be allocated to the ex-spouse at the point of divorce. The member's pension, lump sum and contingent spouse's pension will be reduced accordingly, but not the contingent children's pensions. The ex-spouse then holds benefits in their own right in the scheme and these are payable at Normal Pension Age, or at any time between age 55 and Normal Pension Age but will be subject to a reduction for the early payment.

When a member requests the cash equivalent value of the pension rights for divorce purposes, this must be in writing. We are able to accept an emailed request as long as the member can be identified from their email address.

## **Leaving the pension scheme**

### **Opting out:**

When an employee opts out of the local government pension scheme, contributions cease from the date specified by the employee. If a date earlier than the notification, or no date, is specified, contributions cease at the end of the *payment period* during which the notification is given. An employee must opt out using the opt out form on our website – [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org) and returning this to you.

When an employee opts out of the local government pension scheme before they have been a member for three months, they must be treated as if they had not been a member during that period. This means that contributions must be returned via the payroll with the relevant adjustments to Income Tax being made.

If the pension section has already been notified of the new employee, please let us know that the employee has opted out within the three months and that you are returning the contributions to them. We will then update our records. If, however, you have not yet notified us of the new employee there will be no further need to do so, as we will not retain any record of them on our systems. Neither will we require notification that they have opted out within the three months. You will, of course, need to retain copies of options given and taken in case there is a need to refer to them in the future.

### **Leaving employment:**

If an employee leaves employment, or opts out (unless it is within the three months mentioned above), please notify us either by electronic interface or by completing the 'Leaver/Advance Notification Form'. This information should be returned to the pensions section as soon as the final pay details are known but in any case within 10 working days of the date of leaving as required by the administration strategy. This will enable pension entitlements to be calculated and the database updated with final details. The member is entitled to be notified of their options, it is important therefore that you notify the pension section within the above timescale.

If an employee opts out with more than 3 months, but less than 2 years service they may be entitled to a refund, but the Pension Section would contact the member directly if this is an option for them.

### **Transfer to new employer:**

If the employee requests, their local government pension scheme benefits may be transferred to another pension scheme. If the transfer is to another local government fund, the service will be automatically aggregated on a day for day basis, however the employee will have 12 months to cancel the automatic aggregation. If the transfer is to some other pension scheme then it is the accrued value of the benefits that is transferred. Full details will be supplied to the member by the pension section following direct contact with the pension scheme member.

## **Dismissal:**

Where a person is dismissed from, or leaves, employment because of an offence in connection with that employment it is possible that the Council may recover any monies due, or withhold payment of benefits.

If a member is convicted of a relevant offence, the pension rights may be forfeit. A relevant offence is an offence committed in connection with an employment in which the person convicted is a member, and because of which they have left that employment.

In addition to the above, the regulations state that where a person has left an employment in consequence of a criminal, negligent or fraudulent act or omission on their part in connection with that employment and has incurred some monetary obligation arising out of that act or omission, then the employing authority may recover or retain out of the pension fund the amount of the monetary obligation (up to a maximum value of 100% of the employee's benefits) and the employee's benefits are reduced accordingly.

If this situation arises, please contact Pensions to discuss the circumstances at the earliest possible stage.

## Retirement on age:

### Normal Pension Age:

The normal retirement age of the scheme benefits accrued from 1 April 2014 is equal to a member's state pension age (with a minimum normal retirement age of 65). When a member reaches this age they can retire and receive immediate payment of their pension benefits without reduction.

### Age 65:

The normal retirement age of the scheme benefits accrued prior to 1 April 2014 is 65. When a member reaches this age they can retire and receive immediate payment of their pension benefits. Their benefits accrued prior to 1 April 2014 will not have a reduction, but the benefits accrued after 1 April 2014 will have a reduction if the member is retiring before their state pension age.

### Age 55 – 64:

Where the member has reached the age of 55, was a member prior to 1 April 2014 and has at least three months pension scheme membership they may retire and receive immediate payment of their pension benefits. If they started after 1 April 2014 they will need to have at least two years pension scheme membership before they may retire and receive immediate payment of their pension benefits. However, the pension benefits will be reduced (see table below) to take account of the early payment. A member may have some protection against reduction under the old 85 year rule (see page 22 for more details),

There is no additional cost to the employer when an employee retires on age grounds.

### Reductions:

No. of years paid early	Pensions Reduction (Men)	Pensions reduction (Women)	Lump Sum Reduction (Both)
1	5.60%	5.20%	2.90%
2	10.80%	10.10%	5.70%
3	15.50%	14.60%	8.50%
4	20.00%	18.80%	11.20%
5	24.00%	22.70%	13.70%
6	27.80%	26.40%	16.30%
7	31.40%	29.80%	18.70%
8	34.70%	33.00%	21.10%
9	37.70%	36.10%	23.40%
10	40.60%	38.90%	25.60%
11	44.20%	42.20%	N/A
12	47.60%	45.50%	N/A
13	50.9%	48.6%	N/A

## 85 year rule:

The 85 year rule is satisfied if the employee's age and membership, each in whole years, adds up to 85. The 85 year rule only applies to those employees who were members of the scheme before 1 October 2006. Government took this rule away on that date but applied some protections for members who were already paying into the scheme at that time.

The relevant protection for an employee depends on where their 60<sup>th</sup> birthday falls:

If they will be 60 before 31 March 2016 and satisfy the rule at retirement then they are a fully protected member. This means that they can retire from age 60, or the date they meet the rule after this age, with no reduction to their benefits.

If they will be 60 between 1 April 2016 and 31 March 2020 and satisfy the rule at retirement then they have a tapered protection. Benefits accrued up to 31 March 2008 will not suffer a reduction. However, benefits accrued from 1 April 2008 will be reduced on a sliding scale dependent on where their 60<sup>th</sup> birthday falls in that period.

If they will be 60 after 1 April 2020 and satisfy the rule at retirement then they have partial protection. Benefits accrued up to 31 March 2008 will not suffer a reduction. However, benefits accrued from 1 April 2008 will be reduced at the full rate of reduction.

### Applying the rule of 85 in full

The rule of 85 does not apply to anyone who retires before age 60. Employers can apply a discretion so that the rule of 85 does apply before age 60. You will of course then be liable for the cost of doing so, an estimate of the cost can be provided by the Pensions team.

## Retirement on ill health grounds:

Where an employee has at least two years pension scheme membership and is retired on health grounds they become entitled to the immediate payment of their pension scheme benefits. These benefits are not reduced for early payment.

Each employer is responsible for the employment of an Independent Registered Medical Practitioner who is qualified in occupational health medicine must be appointed by your authority and you must provide us with details of their name and address. You will also need to notify us if you choose to change your practitioner(s).

In order for you to decide whether an employee is eligible to retire on health grounds, a certificate must first be obtained from the medical practitioner. If you are satisfied, based on their opinion, that the employee has become *permanently incapable* of carrying out their job efficiently because of infirmity of mind or body, and has a reduced likelihood of obtaining *gainful employment* before normal pension age, you can make the decision to retire them on health grounds. The next step is to decide which tier of ill-health applies:

Tier 1 - Employee is unlikely to be capable of gainful employment before *Normal Pension Age*

This tier will pay the highest level of pension benefits. The member will receive benefits based on service up to the date of cessation of employment plus additional pension benefits to normal pension age – full ill-health enhancement of 100%.

Tier 2 - Employee is unlikely to be capable of gainful employment within three years of leaving but is likely to be capable of doing so before *Normal Pension Age*

This tier will pay the middle level of pension benefits. The member will receive benefits based on service up to the date of cessation of employment plus 25% of the additional pension benefits that would have been built up to normal pension age.

Once benefits are in payment under tier 1 or tier 2, they will be paid to the member for the rest of their life.

Tier 3 - The employee is likely to obtain *gainful employment* within three years of leaving their local government employment or before their *Normal Pension Age* if earlier.

This tier will pay the lower level of pension benefits. The member will receive benefits based on service up to the date of cessation of employment and no enhancement is given.

Tier 3 benefits are different as they will terminate once they have been in payment for three years or when the member returns to *gainful employment*, whichever is sooner.

Under the regulations an employee who receives benefits under Tier 3 is required to inform you if they obtain employment, and answer any enquiries made by you as to their current employment status, including their pay and working hours.

It is advisable to notify the employee at the commencement of the ill health retirement process that they are required to provide information as above. At the commencement of a new employment the Tier 3 benefits must cease and (depending on your decision) any overpayment of benefits may be recovered.

You are required to review all Tier 3 ill health retirements:

**Employee first review:** once the Tier 3 pensioner tell you that they have obtained *gainful employment* (of not less than 30 hours per week for a period of not less than 12 months) you are required to inform the pensions team in writing of the date benefits must cease and your decision on recovery of any overpayment of pension. The Pensions team will write to the pensioner with regard to the overpayment, the pensioner will then be treated as a deferred-pension member with a deferred pension until normal retirement age. This means their pension benefits will remain preserved in the scheme and will come into payment at normal pension age.

**Employer lead first review:** after 18 months you are required to make enquiries as to the Tier 3 pensioners' current employment status. The enquiry should include their pay and working hours. If the Tier 3 pensioner is not in *gainful employment* you are required to obtain a further certificate from your independent registered medical practitioner. If the medical practitioner's opinion is that the pensioner is capable of obtaining *gainful employment*, you are required to inform the Pensions team in writing of the date benefits must cease and your decision on recovery of any overpayment of pension. We will write to the pensioner with regard to the overpayment, the pensioner will then be treated as a pensioner member with a deferred pension until normal pension age.

If the medical practitioner's opinion is that the pensioners condition has not improved and the pensioner is not likely to be able to obtain *gainful employment* before three years of leaving local government employment, but it is likely that they will be able to obtain *gainful employment* before their normal retirement age, you can determine that the benefits are to increase to Tier 2. In this case, you must inform the Pensions team in writing of any increase in benefits payable a result of their determination and confirm the effective date.

**Administering Authority lead final review:** after 3 years the payments to a Tier 3 pensioner will be discontinued and they will be treated as a pensioner member with a deferred pension until normal pension age.

If a pensioner member (deferred) becomes an active member in the pension scheme at a later date, their previous period of active service cannot be aggregated with their later second active period of membership.

### **Further Ill-health Retirement Information**

If a member has previously received a Tier 1 ill-health pension from the LGPS, or were awarded an LGPS ill-health pension before 1 April 2008, then no enhancement can be added to their ***pension account*** were they to retire again for reasons of ill-health.

If the member has previously received a Tier 2 ill-health pension from the LGPS, any enhancement due upon a subsequent ill-health retirement is adjusted and capped. If, in respect of the subsequent ill-health retirement they were awarded a Tier 1 or Tier 2 pension, the enhancement cannot exceed three quarters of the number of years



between the initial ill health retirement and their *Normal Pension Age*, less the number of years of active membership since the initial ill-health retirement.

Although ill health enhancement is a statutory entitlement, this places additional cost on the employer, and will require payment by the employer. This is because the employee is retiring earlier than normal. The fund actuary however, makes some allowance for ill health retirement in his rates and adjustments certificate, which may cover some or all of the cost. Your council also has the option to pay the capital cost so that it is not taken account of in the triennial valuation (see page 41).

Medical certificates come in different formats depending on whether a member was active or deferred, and also depending on their date of leaving. These certificates are available from the Pensions team. Please contact us if you require a certificate or are unsure which certificate should be used.

### **Retirement on redundancy or business efficiency:**

Where a member who is aged 55 or over with at least two years pension scheme membership retires from local government employment and the employer certifies that the reason for the retirement was redundancy or on the grounds of business efficiency, pension benefits become payable immediately.

The pension scheme benefits are based on the employee's service and salary to the date of leaving and are not reduced in any way.

There is an additional cost to the employer when an employee retires early. Total capital costs comprise a number of elements:

- : the outflow from the pension fund for early payment of the accrued pension and lump sum for the years up to normal retirement age;
- : the loss of investment income to the fund on the money paid out early.

Using estimates for variables such as life expectancy, investment returns and salary inflation relative to prices it is possible for the pension fund Actuary to determine factors of full 'capitalised' cost (or net present value) of a decision taken today as a result of which pension payments will continue until the death of the pensioner (and their dependants). For each early retirement the additional cost, over and above those costs which are already allowed for in the pension fund for retirement at normal retirement age, can be calculated. This, together with any redundancy payment and any other termination payment, is the total capital cost to you, the employer.

### **Retirement on compassionate grounds:**

The elections and decisions are as above with one difference. You, as the employer may determine on compassionate grounds that the benefits should not be reduced.

It is recognised that each case should be considered on its merits but it is suggested that each employer has set guidelines to follow to ensure consistency when dealing with such cases.

### **Notification of premature retirement of pension scheme member**

You can notify us of a premature retirement either by electronic interface or by completing the 'Leaver/Advance Notification Form'. We require this notification whenever an employee leaves the scheme, and in cases of early retirement on redundancy grounds, business efficiency grounds, compassionate grounds or flexible retirement the regulations require the employer to certify the reason for retirement. This form provides that certification. Notification should be sent as soon as possible, but in any case within 5 working days from when the retirement decision is made.

## **Early payment of preserved benefits**

### **On ill health grounds**

A person with an entitlement to preserved benefits may request these benefits come into payment on health grounds. Any requests received by the pension section will be passed to you as the employer to make the determination. The criteria for this retirement depends on when they left the Local Government Pension Scheme.

If they left the scheme before 1 April 2008 the 1997 regulations apply and the person is assessed on whether they would be capable of their old employment or a comparable employment to this. (DRAFTING NOTE – CAN BE REMOVED FROM ACADEMY EMPLOYER MANUALS AS NOT APPLICABLE)

If they left between 1 April 2008 and 31 March 2014 the 2008 scheme regulations apply and the person is assessed on whether they are likely to be permanently incapable of undertaking any *gainful employment*.

If they left after 31 March 2014 the new regulations apply and the person is assessed on whether they are likely to return to *gainful employment* before their state pension age.

Any such cases should be referred to your Occupational Health Physician in the same way as employees retiring on health grounds. A certificate must be obtained before benefits can be brought into payment. Medical certificates in the format required by the regulations are available from the Pensions team. Please contact us if you require a certificate or are unsure which certificate should be used.

Pensions increase is not usually payable until age 55, unless the member is incapable of all employment. If the person is under age 55 the Occupational Health Physician should also be asked if the member is incapable of carrying out any employment.

The benefits which become payable in these cases are the benefits to which the individual became entitled at the date of leaving. No ill health enhancement is added to these benefits.

There will be a cost to the employer where benefits are brought into payment in ill-health grounds.

### **On compassionate grounds**

An individual with an entitlement to preserved benefits may, provided they are over the age of 55, request the immediate payment of their pension benefits on compassionate grounds. This is an employer discretion. You also have discretion to waive any actuarial reduction which might otherwise apply.

There will be a cost to the employer where actuarial reductions are waived.

## **Augmentation of pension**

You may increase a member's annual pension under the local government pension scheme by a maximum of £6,755 as at 1 April 2017. The limit of £6,755 increases each 1 April by the same percentage as the Pension (Increase) Act 1971.

Such a decision can be made:

- in respect of an active member
- or in respect of an active member who was dismissed by reason of redundancy or business efficiency or whose employment was terminated by mutual consent on grounds of business efficiency, providing that the resolution to award additional pension is made within 6 months of the date the member's employment ended.
- regardless of the minimum length of an employee's membership i.e. the member does not need 2 years membership

A resolution to award additional annual pension will only be effective if you agree with the Administering Authority to pay a lump sum to the pension fund to cover the cost of the additional pension. The payment of the lump sum must be made within one month of the later of the date of the resolution to grant additional pension or the date the employee ceases employment.

In order to ensure consistency, you must prepare a written policy statement regarding the circumstances under which augmented pension will be awarded. Care should be taken when writing this policy to ensure compliance with age legislation.

## **Compensation**

### **The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006**

You have discretion to pay compensation to any person who is a member, or eligible to be a member, of the local government pension scheme, if their employment terminated on or after 1 October 2006:

1. by reason of redundancy
2. on the grounds of business efficiency
3. in the case of a joint appointment, because the other holder of the joint appointment has left it

The cost of these payments must not be paid from the pension fund.

### **Power to increase statutory redundancy payments**

Compensation may be paid to a person who is entitled to a redundancy payment however, the amount of compensation must not be greater than the difference between the actual redundancy payment and the redundancy payment that they would have been entitled to had there not been a limit on the amount of weeks' pay in the calculation of the redundancy payment.

## Discretionary Compensation

Compensation may be paid to a person who ceases their employment and has not been awarded additional membership. This decision must be made no later than six months after the termination date.

The amount of compensation must not exceed 104 weeks' pay and is payable as a lump sum. If the person also receives a redundancy payment, the amount equivalent to the redundancy payment must be deducted from the above compensation amount.

You have discretion to calculate the compensation payment on whatever rate of pay you choose, so long as it does not exceed the employee's actual week's pay. Whatever decision is taken, consistency of treatment is essential if claims for equal pay are to be avoided.

## Policy

You must formulate, publish and keep under review the policy you apply in the exercise of your discretionary powers to increase statutory redundancy payments and pay discretionary compensation.

If you decide to change your policy, you must publish a statement of the amended policy and may not give effect to any policy change until one month after the date of publication.

In formulating and reviewing your policy you must:

- 1 have regard to the extent to which the exercise of your discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
- 2 be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

Where any compensation is paid in error to any person, you must, as soon as possible after the discovery of the error:

- (i) inform the person concerned, by notice in writing, giving details of the relevant calculation,
- (ii) where there has been an underpayment, make a further payment,
- (iii) where there has been an overpayment, specify a reasonable period for repayment;

A person who has received this notice must repay any overpayment within the specified period; and you may take such steps as you consider appropriate to recover from the person to whom it was paid any overpayment which has not been repaid within the specified period.

You must take into account the person's circumstances (so far as known or reasonably ascertainable) before recovering the overpayment.

## **Notifications of decisions made**

The Pensions Section must be informed of all decisions necessary to calculate benefits.

However, where a pension is to be paid immediately, prior notification should be given to the Pensions Section. This is because the member needs to be given certain options under the pension scheme regulations and needs to provide details to the County Council in order that benefits can be paid correctly. These details include HMRC information that must be supplied before we can make payment.

Please therefore complete an electronic interface or the 'Leaver/Advance Notification Form' in these cases and send it to the Pensions Section. Notification should be sent as soon as possible, but in any case within 5 working days of receipt of an employee's resignation or notification, as required by the administration strategy. Final details can follow at a later date.

## **Tax liability**

Under HMRC regulations, pension lump sums are tax-free. This includes increases in membership by way of augmentation of scheme membership. It does not, however, include any compensation lump sum which is subject to the normal rules in relation to the taxation of severance payments.

The current rules are that the first £30,000 of severance pay is tax-free. Payments counting towards the £30,000 limit include

- the redundancy payment
- pay in lieu of notice
- compensation lump sums

Generally speaking, where the total of the above payments exceeds £30,000, the excess will be taxed at the employee's marginal tax rate, (e.g. 40% for a higher rate tax payer). However, payroll departments need to refer to the HMRC's guide for the precise rules.

## **Re-employed pensioners**

The Pension Fund Committee determined that abatement of pensions on re-employment would no longer apply effective from 1<sup>st</sup> April 2015.

If a pensioner takes up further employment in local government their benefits will therefore not be affected.

## Injury pensions

### **The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011**

It is a requirement of the regulations for an LGPS employer (not admitted bodies) to set up an injury award scheme. The level of award is discretionary, subject to prescribed limits.

The cost of these payments must not be paid from the pension fund.

The scheme applies to all employees whether pensionable or not, except certain persons who are subject to other statutory injury award provisions e.g. police officers and fire-fighters.

Entitlement to an award accrues where an employee sustains an injury or contracts a disease as the result of anything they were required to do in carrying out their work.

There are four types of award as follows:

a) Loss of employment through permanent incapacity

If as a result of permanent incapacity caused by the injury or disease suffered as a result of the persons employment and a person ceases to be employed, they shall be entitled to an annual allowance.

The amount of the allowance shall be as determined from time to time by you subjected to a maximum of 85 percent of the employee's annual remuneration. The level of any award is at your sole discretion.

In determining the amount of the allowance, regard must be had to all the circumstances of the case, including four "prescribed" areas – see below.

b) Reduction in remuneration

Where, as a result of the injury or disease, a person suffers a reduction in pay (whether or not it is in the same employment) they shall be entitled to an annual allowance. In these circumstances, the amount of the allowance, together with the current pay, must not exceed the pay that would have been applicable if the injury or disease had not occurred. Once again the amount of the award is at your sole discretion.

c) Death benefits

Where a person dies as a result of injury or disease, that persons widow/widower shall be entitled to an annual allowance or a lump sum, and a dependant shall be eligible for an annual allowance or a lump sum. An allowance in these circumstances is not subject to any maximum.

d) Allowances for Pensioners

Where any person who was in receipt of an injury award in respect of a reduction in remuneration, subsequently ceases employment and becomes entitled to a

local government pension, and the level of such pension falls short of what it would have been had the injury award payable been classed as pensionable remuneration, then you may pay an allowance. The level of the allowance must not exceed the shortfall.

When determining an award you must:-

- (1) Establish that the injury was sustained or disease was contracted “in the line of duty”

Entitlement to an award only arises where an employee sustains an injury or contracts a disease as a result of anything they were required to do in carrying out their work. You should take every possible step to establish that this was the case, and refer to as much documentary evidence as possible e.g. accident reporting logs, witness statements etc.

- (2) Is the incapacity “likely to be permanent”?

It would be prudent for this to be carried out by an independent medical adviser who is qualified in occupational health.

- (3) Decide the “gross” level of the award

The general intention behind the regulations is that a person who suffers an injury or disease should not for that reason suffer a loss of their total income. However, an award for loss of employment cannot exceed 85 percent of the persons pay, so it is clearly not intended to compensate on a pound for pound basis. The “gross” award is really a minimum income guarantee that you attempt to provide for your injured employee.

The majority of injury award schemes involve a question of degree. It is commonplace for employers to adopt a sliding scale of annual awards, based on length of service and degree of disablement. In the Fireman’s Pension Scheme, for example, “disablement is categorised into four severities and the award granted within these severities is a percentage of income depending on length of service.

#### Four Prescribed Areas

It is not the intention that the recipient of any award should be better off as a result of the injury or disease. For this reason, there are four areas specified under the regulations that you are required to have regard to. These are:

- 1 Any right to a benefit under Part 5 of the Social Security Contributions and Benefit Act 1992. These are Social Security Benefits payable in respect of industrial injury and incapacity benefits, reduced earnings and severe disablement allowances and disablement gratuities, and include any increases relating to dependants.
- 2 Any other statutory right to benefit or compensation
- 3 Any right to receive pension benefits (whether payable under an enactment or otherwise); and



4 Any damages recovered and any sum received by virtue of a contract of insurance.

These four areas are most important and ensure there is no double accounting. That is to say that the person is not doubly compensated for the work-related injury or disease.

No regard must be had to any benefit payable that the person was entitled to be paid before the injury was sustained; and likewise to any right which accrued before that time or to any damages or sum received by virtue of such a right.

#### Contributory Negligence

It is worth bearing in mind that you should not reasonably be expected to pay a substantial allowance in a case where it is clear that the injury could have been avoided by sensible and obvious precautions. In determining the level of award therefore, it is reasonable for you to take into account any contributory negligence by the employee.

#### Deciding and notifying the level of award

Having taken all of this into account, you must then decide the level of injury award and make written notification of the decision to every person affected by it. The notification must include the grounds for the decision and draw the recipient's attention to their right of appeal to the Secretary of State. This appeal right covers disagreements over entitlement only and does not extend to disagreement over the amount of any award.

If at any stage of the process it is considered that the claim for an injury award is not valid, that too must be communicated to the individual, along with their right of appeal to the Secretary of State against that decision. If the appeal is successful the notification will also include the amount of the award and the supporting calculations should be shown for transparency.

As the award is, as the regulations state "of such amounts as the employer may from time to time determine", it is recommended that review arrangements are included in the notification. It is usual for awards to be periodically reviewed to determine whether there has been a material change in the degree of incapacity or the person's financial situation.

If you require more information, you should read the provisions detailed in The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011.

## **Requirement to Publish a Policy Statement:**

### **Scheme regulations**

You are required to formulate and keep under review a policy which applies in respect of exercising your discretion in relation to:

- whether to apply the '85 year rule' in full for early payment of pension benefits where a member is over age 55 and under age 60
- flexible retirement
- awarding additional years membership
- awarding additional annual pension
- waiving any actuarial reduction for a member voluntarily drawing benefits before normal pension age

Please note that exercising any of the above discretions could lead to a cost to the employer.

Other areas where you are required to make decisions because the regulations provide discretion:

- Method for determination of contribution bands
- Recovery of overpayment for a third tier ill-health pension
- Late application by member regarding aggregation of membership
- Providing a shared cost additional voluntary contribution scheme
- Providing a shared cost additional pension contribution scheme
- Deduction and recovery of a members' contributions
- Exclusion of right to return of contributions
- Forfeiture of pension rights
- Interim payments directions
- Recovery of monetary obligation
- Transfer of sums from the pension fund to compensate for former member's misconduct
- Acceptance of transfer value

### **Estimates of pension benefits**

There may be times when you need to discuss with an employee their potential pension rights. For example on ill health grounds, or redundancy or business efficiency grounds. You can request this information via email or by sending in the form 'Employer Estimate Request'. It is unusual to request estimates for employees retiring on age grounds as this is normally a matter between the individual and the pensions section. In this case the estimate would have to be sent directly to the employee.

When an estimate is returned to you which would incur a capital cost to you, details of the capital costs of that retirement will be provided as a matter of course.

## **Services provided**

Local Government Pensions administration is a statutory service provided by the County Council. There are no direct charges to you for this service. A charge is made to the local government pension fund and is reflected (amongst other things) in your employers pension contribution rate.

This service aims to administer the local government scheme efficiently, effectively and at an economic cost.

There may, however, be charges in relation to work carried out by the Pension Fund Actuary (Annual Accounting reports for example). Employers will be notified of these charges before the work is undertaken.

Pensions section staff provide a professional service, providing information in a clear and easily understood form to enable recipients of the service to make informed decisions concerning their pension rights.

## **Key Service Elements**

The services covered include all aspects of Local Government Pension Scheme administration and management relating to members and pensioners of the scheme. It complies with various overriding legislation, including HMRC, Social Security legislation and the Pensions Schemes Act.

The key service elements are:

- Maintaining an accurate database of scheme members, including recording of all scheme members, changes to hours, name changes, service breaks etc
- Receiving incoming transfers and calculating appropriate pension credits
- Provision of annual benefit statements
- Providing estimates of all types of benefits
- Providing information and calculations on purchase of additional pension and paying additional voluntary contributions
- Calculating and paying outgoing transfer values
- Calculating service credits and debits for divorce cases
- Applying pension sharing orders and earmarking orders
- Calculating and notifying preserved benefits
- Calculating and paying refunds of contributions
- Calculating and paying all cases of retirement benefits
- Calculating and paying benefits on death, including spouse and child's pensions

## **Performance standards**

### **ADMINISTRATION STRATEGY**

Much of the success in ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. Good quality administration can also help in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

We made the decision to implement an administration strategy to set out the quality and performance standards expected by the administering authority and scheme employers within the Suffolk fund. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.

Both the administering authority and scheme employers must monitor their performance against specific tasks in the strategy and you are required to return your performance information to the pensions section on a quarterly basis. We continually monitor our own performance in relation to key service delivery areas, to ensure standards are maintained and to identify areas for improvement. We would welcome comments from you regarding our performance, particularly in areas where you see a need for service enhancement.

## **Responsibilities and Procedures**

The responsibilities of both the administering authority and employers are detailed in the administration strategy along with the relevant service level agreement. A copy of the strategy was circulated to all employers, and is now available electronically on our website.

### **Employee Responsibilities**

1. To provide details of any previous pensionable service, together with name and address of administrators of pension scheme.
2. To exercise personal choice options - opting in/out of scheme, transfer options, payment of additional contributions, payment of Additional Voluntary Contributions, etc.
3. To provide details of where any payment should be sent.
4. To provide information necessary for payment of benefits (e.g. birth/marriage certificates).
5. To provide details of the person(s) they wish to receive their death in service grant.

### **Pensioner Responsibilities**

1. To provide information necessary for payment of benefits (e.g. birth certificates, marriage certificates), details of bank account to which benefits are to be paid and prompt notification of change of address and change of bank account.
2. To provide details of the person(s) they wish to receive their pensioner death grant (if applicable).

### **Estate Representatives Responsibilities**

1. To provide verification of date of death (e.g. death certificate) and any information necessary for the payment of any sums due to the Estate (e.g. Grant of Probate, Letters of Administration, completed indemnity form).

## **Complaints**

### **Regarding the service provision:**

Complaints relating to the service should, in the first instance, be referred to Stuart Potter (stuart.potter@suffolk.gov.uk). In the unlikely event that your complaint is not handled to your satisfaction, there is a formal two stage procedure to be followed in the case of any dispute that cannot be settled satisfactorily.

### **By scheme members and beneficiaries:**

In the first instance the pension section would welcome the opportunity to seek to clarify or put right any misunderstandings or inaccuracies as quickly and as efficiently as possible.

If the member is still dissatisfied with any decision made in relation to the Scheme they have the right to have their complaint independently reviewed under the Internal Disputes Resolution Procedure. There are also a number of other regulatory bodies to assist members.

### **Internal Disputes Resolution Procedures:**

#### **Stage 1**

Stage 1 of the above procedure is to have a specified person look at the case. This person is somebody who is appointed at your employer to consider disputes but they should not have had any previous involvement in the case.

A complaint under stage 1 must be made in writing and within 6 months after the person was told of the decision they are complaining about. If the complaint is that a decision was not made, the employee must make an application within 6 months of the time the decision ought to have been made.

A decision under stage 1 will be given within 2 months of receiving the written complaint. If this is not possible, a written notification of the delay should be issued giving a date by which they can expect a full response.

#### **Stage 2**

If the employee is dissatisfied with the decision under stage 1 they may then take their complaint to the administering authority, Suffolk County Council.

A complaint under stage 2 must be made in writing within 6 months of the date of the decision under stage 1 to:

Head of Legal Services  
Suffolk County Council  
Constantine House  
Ipswich, Suffolk  
IP1 2DH

A decision under stage 2 will be given within 2 months of receiving the written complaint. If this is not possible, they will receive written notification of the delay and the date by which they can expect a full response.

### **The Pensions Advisory Service (TPAS)**

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with any pensions query they may have or any difficulty which they cannot resolve with their scheme administrators. TPAS can be contacted at:

11 Belgrave Road  
London  
SW1V 1RB                      Telephone 0845 601 2923

### **The Pensions Ombudsman:**

In cases where a complaint or dispute cannot be resolved after the intervention of TPAS, an application can be made, within three years of the event, to the Pensions Ombudsman for an adjudication. The Pensions Ombudsman will also adjudicate on cases that are still in dispute following stage 2 of the internal dispute procedure. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate Court on a point of law). Matters where legal proceedings have already started cannot be investigated by the Pensions Ombudsman. The Pensions Ombudsman can be contacted at:

11 Belgrave Road  
London  
SW1V 1RB                      Telephone 0207 834 9144

### **The Pensions Regulator**

This is the regulator of work-based pension schemes. The Pensions Regulator has powers to protect members of work-based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator is able to fine trustees or employers, and remove trustees from a scheme. The Pensions Regulator can be contacted at:

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW                      Telephone 0870 6063636

## **Accounting and year-end procedures**

### **Monthly procedures**

All pension contributions – employees, employers, additional and arrears – must be paid into the pension fund after each pay period. The timing of the payovers as agreed is that the contributions should be paid to the County Council within five working days of the end of the month in which the contributions were deducted.

### **Year-end procedures**

Each year end (31 March) information on members and contributions paid is required to be submitted in the form of an annual return.

The annual return should be attached to an e-mail and submitted to the pension section using the secure portal. The return should be provided in respect of the full financial year and should include all employees who have been members of the pension scheme at any time during that year (excluding those for whom you have refunded the contributions for that year).

The returns should contain the following:

National Insurance number  
Surname  
Forenames  
Payroll reference  
Contract number  
Date of birth  
Gender  
Date of joining pension scheme  
Date of leaving pension scheme  
National Insurance table letter  
Reduced National Insurance Indicator  
Current contribution rate  
Pension contributions in the Main Section of the Scheme  
Pension contributions in the 50/50 Section of the Scheme  
National Insurance earnings  
Additional pension contributions  
Department  
Job Title  
Amount of Pensionable pay under the 2008 scheme definition  
Amount of Pensionable pay accrued in the Main Section of the Scheme  
Amount of Pensionable pay accrued in the 50/50 Section of the Scheme  
Date(s) switched from the Main to 50/50 section and vice versa

Where a member has paid pension contributions on both weekly and monthly payrolls, please ensure the return contains both figures and that one is not overwritten by the other.

Please note, on the return, the National Insurance contracted out earnings field must be in round pounds, with the pence shown as 00. Please ensure the contracted-out

earnings field is the sum of the earnings between the Lower Earnings Limit (LEL) and the Earnings Threshold (ET) and the earnings between the Upper Accrual Point (UAP).

If you have pensionable employees who were born before 1 April 1957, whose hours vary each week, information regarding their hours over the year should be entered on a spreadsheet and sent as an attachment via e-mail. The average hours figure is required and this should be for either the whole year, or from the date the member commenced the variable hours contract within the current year. If you do not have any variable hour contracts, please return the spreadsheet as 'nil'.

When this return is received, the total of the monthly payments made during the year is balanced to the totals on the return. A check is made to ensure a record is held for all employees listed. Where dates of leaving are entered on the return a check is made to ensure this matches with pension section records.

The contributions and pensionable pay figures are then posted against individual records.



## **Accounting procedures**

### **Early retirement capital costs**

Capital costs of all early retirements are provided as a matter of routine to you, the employer, when benefit estimates are requested. If you have not already done so, the question of how early retirements are funded needs to be addressed.

Most employers pay the capital cost of the early payment of pension fund benefits to the pension fund in one lump sum.

### **Ill-health retirements**

If a member retires on ill-health grounds there is likely to be a cost to the employer to take into account the strain on the pension fund of early retirement.

The Fund monitors each employer's ill-health experience on an ongoing basis. The Actuary calculates an ill-health allowance as part of the triennial valuation exercise which is included in the future service contribution rates for each employer.

### **Choice of meeting ill health retirement costs**

Employers can decide to:

- apply the allowance, or
- pay all ill-health retirement costs as they arise, or
- take insurance to cover the cost

If an employer opts to apply the allowance to offset the costs they will still be liable for costs that exceed the allowance and will be sent an invoice to pay the shortfall.

The cost can sometimes be high, particularly for a tier 1 ill-health case. You may wish to consider taking out ill-health insurance against this eventuality. The employer pays the insurance policy and invoices the Pension Fund. This payment is offset against the contributions paid over by that employer. If you wish to consider this, please let us know.

## **Glossary**

### ***Gainful employment:***

Any paid employment for not less than 30 hours in each week for a period of not less than 12 months. It does not have to be employment that is commensurate in terms of pay and conditions with the person's current employment.

### ***Payment period***

The period to which the employee's salary payment relates.

### ***Permanently incapable:***

This means that the person will, more likely than not, be incapable until, at the earliest, their state pension age.

### ***State Second Pension (S2P)***

The State Second Pension (formerly SERPS) was the additional state pension, payable from State pension age by the Department for Work and Pensions. Up until 5<sup>th</sup> April 2016 LGPS members were contracted out of S2P and paid lower national insurance contributions as a result. This changed on 6<sup>th</sup> April 2016 with the introduction of a single state pension.

### ***Underpin***

An 'underpin' applies to members who were within 10 years of Normal Pension Age in April 2012.

For these members a calculation will be done on retirement to ensure the pension under the 2014 scheme is at least equal to what they would have received under the older 2008 scheme regulations. This is to ensure that member who were close to retirement when the scheme regulations changed are not disadvantaged by the change.

## Suffolk Pension Board

<b>Report Title:</b>	Pensions Administration Performance
<b>Meeting Date:</b>	20 December 2017
<b>Chairman:</b>	Councillor Richard Smith MVO
<b>Director:</b>	Aidan Dunn, Interim Director of Resource Management
<b>Assistant Director:</b>	Louise Aynsley, Head of Finance (S151 Officer) Tel. 01473 264347
<b>Author:</b>	Stuart Potter, Pensions Operations Manager

### Brief summary of report

1. This report provides the Pension board with an update on the performance of the Pensions Administration Team. This report also includes details of compliments and complaints, previously a separate paper, as requested by the Board.

### Action recommended

- |   |
|---|
| 2. To consider the information provided and determine any further action. |
|---|

### Reason for recommendation

3. To provide the board with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.

### Alternative options

4. There are no alternative options.

### Main body of report

5. This report covers staff performance and team achievements since the previous Board meeting on 6 October 2017.
6. The Service Level Agreements for our 'key' processes between September 2017 – November 2017 are shown below:
  - Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **60**, percentage completed in SLA **98%**
  - Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **150**, percentage completed in SLA **96%**
  - Retiring employees are notified of their options with 5 working days of receipt of all information – Total cases **319**, percentage completed in SLA **99%**

- Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases **260**, percentage completed in SLA **98%**
  - Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **137**, percentage completed in SLA **100%**
  - Outstanding monies owed in respect of a deceased pension, and any death grant, will be paid within 10 working days of receipt of all information – Total cases **149**, percentage completed in SLA **99%**
7. We are continuing to promote the Member Self Service System and since the previous Board meeting we have demonstrated this to members at Suffolk One Academy. We are in discussions with a couple of other employers regarding similar sessions and will be issuing a full communication to all members within Suffolk County Council in early January 2018.
  8. Since the previous Board meeting the Public Service Governance Survey, issued by the Pensions Regulator, has been completed by 1December 2017 deadline.
  9. Investigations are still ongoing into the potential viability of a new payroll solution that would enable development of Member Self Service to allow pensioner members to use it and view important documents including payslips. It is expected there will be a detailed survey undertaken in January 2018 to provide us with accurate costs of such a solution.
  10. Since the update at the last board meeting there have been three compliments received by members of the team. These are cases where the individuals have gone out of their way to thank us for something, rather than the regular words of 'thanks' received daily as part of the day to day communications with customers.
  11. The first compliment was a customer e-mailing in to thank a member of the team for their detailed explanation of something over a telephone call as it helped them understand the matter easily. The second compliment was from a customer thanking us for the help and support provided when one of our pensioner members died. The third compliment was to give us praise for the excellent Member Self Service system, the efforts in introducing this and how simple it is to use and obtain the information they need.
  12. During this reporting period, there has been one complaint. This complaint was in relation to why a daughter of a deceased member needed to complete some forms in relation to receiving payment in respect of monies due from her mother's pension. This was resolved after the customer had the process, and reason for this process, explained to her.
  13. The Internal Dispute Resolution Process (IDRP) complaint at stage 1, in relation to advice allegedly given in relation to a pension entitlement for a co-habiting partners pension, that was covered in the previous Board meeting was not upheld and a response has been issued.
  14. The Stage 2 IDRP complaint in relation to a member who wanted to access their pension under ill health, but was declined was upheld. As a result, we are now in contact with the member to pay the Benefits owing to her.
  15. This report will be ongoing in all future Board meetings and will be developed in accordance with the requirements of the Board.

## Contribution payments

16. The administration strategy requires contributions from employers to be received by the Pension Fund within 5 working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received in during 2017/18 quarter 2:

	Quarter 1			Quarter 2		
	Employer	Contributions		Employer	Contributions	
	%	£'000	%	%	£'000	%
On Time	89	25,212	97	89	27,286	92
Up to 1 week late	3	376	1	4	1,900	6
Over 1 week late	8	414	2	7	549	2
<b>Total</b>		<b>26,002</b>			<b>29,735</b>	

### Sources of further information

- a) None



## Suffolk Pension Board

<b>Report Title:</b>	Training Plan
<b>Meeting Date:</b>	20 December 2017
<b>Chairman:</b>	Councillor Richard Smith MVO
<b>Director:</b>	Aidan Dunn, Interim Director of Resource Management
<b>Assistant Director:</b>	Louise Aynsley, Head of Finance (S151 Officer) Tel. 01473 264347
<b>Author:</b>	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

### Brief summary of report

1. This report outlines suggested areas of training for Board members to gain the necessary knowledge and understanding to fulfil their Board role.

### Action recommended

2. The Board is asked to consider and agree the content of the training programme for the coming year.

### Reason for recommendation

3. To comply with the Pensions Regulators requirements, members of the Pension Board must be able to demonstrate that they have the required knowledge and understanding of LGPS issues.

### Alternative options

4. There are no alternative options.

### Main body of report

5. At the Pension Board Meeting on 6 October 2016, the Board considered its need for training and agreed a one year training programme.
6. Appendix 1 shows a record of training that has been undertaken by members of the Suffolk Pension Board since October 2016. This training was developed with the Knowledge and Skills Framework issued by CIPFA for local pension board members.
7. A reminder of the Framework and in particular the specific areas of knowledge the Board should attain is provided in Appendix 2.
8. It has been agreed that should Board members wish to attend pre Pension Fund Committee training, then they are welcome to do so, but that they should let Committee Services (Rebekah Butcher) know in advance of the meeting. A copy of the Pension Fund Committee's training plan is attached at Appendix 3.

9. The Board will have its own pre Board training session, starting at 10 am before each Board meeting.
10. Topics that could be considered for inclusion in this year's plan (drawn from the framework) are:
  - a) The process of transferring members benefits between Funds.
  - b) Understanding the different roles and responsibilities for the Fund's investments after the introduction of pooling.
  - c) Overview of developments in TPR's expectations in good governance and administration in public service pension schemes.
  - d) Understanding of different markets / investment vehicles.
11. A further half or whole day training session will be scheduled for early 2018.
12. Pre Board Training for 2018 will be delivered before the start of the March, October and December meetings.
13. The Board meeting in July will be held on 23 July at 2pm. The Pension Fund Committee will meet in the morning and the performance provider will present investment return analysis to both the Committee and the Board. No training will be provided to the Board on that day.
14. The Board is requested to consider the list of potential topics and any others that Board members consider appropriate and priorities these into the years training programme.

**Sources of further information**

- a) Local Government Pension Scheme (LGPS) - Guidance on the creation and operation of Local Pension Boards in England and Wales
- b) The Pensions Regulator Code of practice no. 14 Governance and administration of public service pension schemes
- c) CIPFA Knowledge and Skills Framework for Local Pension Board members



## Pension Board Training Log

## APPENDIX 1

Date	Description of training undertaken	Delivered by	Richard Smith	Homira Javadi	Marie McCleary	David Rowe	Eric Prince	Suzanne Williams
06/10/2016	Ways of improving Communications	Ryan De'Ath, Press Officer	✓	✓		✓	✓	✓
12/12/2016	Employers in the Fund and their risk characteristics	Andy Chapman	✓	✓	✓	✓	✓	✓
27/02/2017	LGPS Local Pension Board Members' Spring Seminar	CIPFA				✓		
09/03/2017	Member Self Service	Gemma Brothwell	✓		✓	✓	✓	✓
26/06/2017	Annual Accounts and Performance Monitoring	Sharon Tan & Mark Stevens			✓		✓	
06/10/2017	Ill Health benefits, the costs to employers and how these are paid for	Stuart Potter	✓		✓	✓	✓	
06/12/2017	UBS - Overview of Indexing by New Passive Provider	UBS			✓		✓	



## 4. Local Pension Boards: A Technical Knowledge and Skills Framework

<b>Pensions legislation</b>	<p>A general understanding of the pensions legislative framework in the UK.</p> <p>An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.</p> <p>An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.</p> <p>A regularly updated appreciation of the latest changes to the scheme rules.</p>
<b>Pensions governance</b>	<p>Knowledge of the role of the administering authority in relation to the LGPS.</p> <p>An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.</p> <p>Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.</p> <p>Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.</p> <p>Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.</p> <p>Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.</p> <p>A detailed knowledge of the duties and responsibilities of pension board members.</p> <p>Knowledge of the stakeholders of the pension fund and the nature of their interests.</p> <p>Knowledge of consultation, communication and involvement options relevant to the stakeholders.</p> <p>Knowledge of how pension fund management risk is monitored and managed.</p> <p>Understanding of how conflicts of interest are identified and managed.</p> <p>Understanding of how breaches in law are reported.</p>

<b>Pensions administration</b>	<p>An understanding of best practice in pensions administration, eg performance and cost measures.</p> <p>Understanding of the required and adopted scheme policies and procedures relating to:</p> <ul style="list-style-type: none"> <li>■ member data maintenance and record-keeping processes</li> <li>■ internal dispute resolution</li> <li>■ contributions collection</li> <li>■ scheme communications and materials.</li> </ul> <p>Knowledge of how discretionary powers operate.</p> <p>Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.</p> <p>An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.</p>
<b>Pensions accounting and auditing standards</b>	<p>Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.</p> <p>Understanding of the role of both internal and external audit in the governance and assurance process.</p> <p>An understanding of the role played by third party assurance providers.</p>
<b>Pensions services procurement and relationship management</b>	<p>Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.</p> <p>A general understanding of the main public procurement requirements of UK and EU legislation.</p> <p>Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.</p> <p>An understanding of how the pension fund monitors and manages the performance of their outsourced providers.</p>
<b>Investment performance and risk management</b>	<p>Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.</p> <p>Awareness of the Myners principles of performance management and the approach adopted by the administering authority.</p> <p>Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.</p>

<b>Financial markets and products knowledge</b>	<p>Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property).</p> <p>Understanding of the role of these asset classes in long-term pension fund investing.</p> <p>Understanding of the primary importance of the investment strategy decision.</p> <p>A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.</p> <p>An understanding of the limits placed by regulation on the investment activities of local government pension funds.</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.</p>
<b>Actuarial methods, standards and practices</b>	<p>A general understanding of the role of the fund actuary.</p> <p>Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.</p> <p>Awareness of the importance of monitoring early and ill health retirement strain costs.</p> <p>A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.</p> <p>A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.</p> <p>A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.</p>



## 1. Introduction

- 1.1 This is the proposed Training Plan for the Suffolk Pension Fund managed by Suffolk County Council (the Administering Authority). It sets out a proposed rationale and approach for approval by the Pension Fund Committee concerning the training and development of -
- the members of the Pension Fund Committee and;
  - officers of the Pension Fund responsible for the management of the Fund.
- 1.2 The overall aim of the Training Plan is to support members of the Pension Fund Committee in order that they can demonstrate that they have the knowledge to fulfil their role.

## 2. Rationale

- 2.1 In order to ensure best practice within the Fund, and to comply with the Public Service Pensions Act 2013, a training plan for those charged with governance and financial management of the Suffolk Pension Fund (Committee members and officers) should be developed on an annual basis. At its meeting of 27 January 2016, the Pension Fund Committee agreed to its third annual training programme.
- 2.2 Central to this is the requirement that the Fund should secure appropriate training, having assessed the professional competence of both those involved in pension scheme financial management and those with a policy, management and or oversight role.
- 2.3 It is not required that each individual demonstrates a level of expertise in every aspect of Scheme governance and management, but rather that as a group both the Fund's officers and the Committee has a level of knowledge and skills to ensure effective decision making.
- 2.4 Committee members and officers are also required to undertake training to satisfy the obligations placed upon them by the:
- Pensions Regulations and the Pensions Regulator;
  - CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills; and the
  - LGPS Governance Compliance Statement.

### **3. Approach**

- 3.1 The approach to training will be supportive in nature with the intention of providing Committee members and officers with regular sessions that will contribute to their level of skills and knowledge. Primarily based upon pre-Committee training sessions, it may also involve updates from officers and independent advisers. Details of external events will also be circulated as appropriate. This is in addition to an expectation that Committee members will undertake some self-directed learning outside of the formal training. Fund officers will be available to provide additional support and advice.
- 3.2 The key elements of the plan are designed to support members of the Committee in gaining the necessary knowledge and skills as a collective group over the following areas required by the CIPFA Knowledge and Skills Framework:
- Pension Fund governance;
  - Accounting and Audit standards;
  - Procurement of financial services;
  - Investment performance and risk management;
  - Financial markets and product knowledge;
  - Actuarial methods and valuation.
- 3.3 It is comprised of a combination of internally developed training sessions, updates from officers and independent advisers, external events, and self-directed learning. The detailed indicative plan is attached as **Appendix A**.
- 3.4 The Training Plan will be updated at least annually and will be updated with events and training opportunities as and when they become available.

## **4 Training**

### **4.1 Delivery of Training**

Consideration will be given to various available training resources in delivering training to members of the Pension Fund Committee and relevant officers.

Evaluation will be given to the mode and content of training in order to ensure it is both targeted to needs and ongoing requirements and emerging events. It is to be delivered in a manner that balances both demands on Councillors time and costs. These may include but are not restricted to:



For Pension Fund Committee members	For officers
<ul style="list-style-type: none"> <li>• In-house</li> <li>• Using an on-line Knowledge Library or other e-learning facilities</li> <li>• Attending courses, seminars, and external events</li> <li>• Internally developed training days and pre/ post Committee meetings</li> <li>• Shared training with other Schemes or Frameworks</li> <li>• Regular updates from officers and/ or independent advisers</li> </ul>	<ul style="list-style-type: none"> <li>• Desktop/ work-based training</li> <li>• Using an on-line Knowledge Library or other e-learning facilities</li> <li>• Attending courses, seminars, and external events</li> <li>• Training for qualifications from recognised professional bodies</li> <li>• Internally developed sessions</li> <li>• Shared training with other Schemes or Frameworks</li> </ul>

#### 4.2 External events

##### *Pension Fund Committee members*

All relevant external events will be distributed to members of the Committee as and when they become available.

Members will be invited to express an interest in attending an event. The clerk to the Committee will receive any expressions of interest and shall liaise as necessary with the chair of the Committee, and the Head of Finance who shall under the Scheme of Delegation to Chief Officers approve the Committee's representation at the external event. A number of factors will be used to determine the level of representation including the relevance of the event, associated costs and an individual's identified development needs,

The cost of members (and officers) attending an external event will be met by the Pension Fund.

Following attendance at an external event, Committee members will be asked to provide verbal feedback at the subsequent Committee meeting to cover:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to Committee Members.

### *Officers*

Following attendance at an external event, officers will be expected to report to the Head of Finance with feedback to cover:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other officers.

## **5. Training Programme**

The draft timetable attached at **Appendix A** provides an indicative training programme covering areas that are likely to be necessary over the next two years. In addition, other items on topical or emerging issues may be added as appropriate, and the training programme flexed accordingly.

The indicative training plan includes details of pension related conferences held throughout the year. There is no expectation that members and officers attend such events as a matter of course, but highlights the availability of such training and networking opportunities and an overview of their content.

## Indicative Training Programme 2017-19

## Appendix A

Ref	What	Who	When	Overview	Intended audience
1	Pre-Committee training	Matt Woodman	19 July 2017	Topic – Characteristics of a long term investor	All PFC members
2	Annual Training Day	Various Speakers	1 September 2017	A wide range of relevant topics to be agreed by the Chair	All PFC members
3	Conference	LGC Investment Summit Celtic Manor, Wales	8 - 9 September 2017	Aimed at officers and PFC members focussing on investment matters	Officer and PFC members
4	Pre-Committee training	Mark Stevens	21 September 2017	Topic – Why is Asset Allocation so important	All PFC members
5	Conference	CIPFA Pensions Network Annual Conference – London	November 2017	Aimed at officers and PFC members – various speakers focussing on a wide range of pension topics	Officer and PFC members
6	Pre-Committee training	Investment manager	6 December 2017	Topic – Introduction to new Passive Index manage	All PFC members
7	Pre-Committee training	Stuart Potter	2 March 2018	Topic – Consideration of ESG Issues in Pension Fund Investing	All PFC members
9	Conference	PLSA Local Authority Conference - Gloucestershire	May 2018	Aimed at officers and PFC members – various speakers and workshops focussing on a wide range of pension topics	Officer and PFC members
10	Pre-Committee training	Paul Finbow	4 June 2018	Topic – Pooling - Practical Differences for 2018 and beyond	All PFC members

**Appendix A (continued)**

Ref	What	Who	When	Overview	Intended audience
11	Pre-Committee training	Investment manager	23 July 2018	Topic - Property - Path to Direct Ownership	All PFC members
12	Annual Training Day	Various Speakers	September 2018	A wide range of relevant topics to be agreed by the Chair	All PFC members
13	Conference	LGC Investment Summit Celtic Manor, Wales	September 2018	Aimed at officers and PFC members focussing on investment matters	Officer and PFC members
14	Pre-Committee training	Pool Operator	28 September 2018	Topic – Pooling - Operator Services	All PFC members
15	Conference	CIPFA Pensions Network Annual Conference – London	November 2018	Aimed at officers and PFC members – various speakers focussing on a wide range of pension topics	Officer and PFC members
16	Pre-Committee training	Investment advisors / Manager	28 November 2018	Topic – Managing Currency exposures	All PFC members
17	Pre-Committee training	Andy Chapman	28 February 2019	Topic - Employers and their Risks to the Fund	All PFC members
18	Pre-Committee training	Peter Summers	25 March 2019	Pooling – Actuarial Valuations	All PFC members

In addition, induction training sessions can be arranged for any new Pension Fund Committee member. Additional sessions may be incorporated as required.

**Conference attendance:**

Pension Fund Committee members are encouraged to attend some conferences and external training events to provide a wider knowledge of current key topics.

## **Suffolk Pension Board, 20 December 2017**

### **Information Bulletin**

The Information Bulletin is a document that is made available to the public with the published agenda papers. It can include update information requested by the Board as well as information that a service considers should be made known to the Board.

This Information Bulletin covers the following items:

1. MiFID II
2. Audit Report
3. Ill Health Liability Insurance
4. New Employers
5. Pension Fund Committee Forward Work Programme

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#### **1. MiFID II**

From 3 January 2018 the Markets in Financial Instrument Directive 2014/65 (MiFID II) is implemented which will automatically categorise the Pension Fund as a retail client and restrict access to investments the Fund currently invests in.

Under the current regulations, local authorities are automatically categorised as 'per se professional clients' in respect of non-MiFID and MiFID scope business.

Following the introduction of MiFID II, firms will no longer be able to categorise a local authority as a 'per se professional client' for either MiFID or non-MiFID scope business. Instead, all local authorities must be classified as 'retail clients' unless they are opted-up by firms to an 'elective professional client' status.

At the meeting on 21 September the Pension Fund Committee made a decision to opt up to professional client status to enable the Fund to continue to invest in a wide range of asset classes, many of which are only available to professional clients.

Applications were sent to all the Fund's current investment managers, UBS, HSBC and Hymans Robertson. Responses have now been received from all and they have confirmed they have assessed the Suffolk Pension Fund application to opt up and are satisfied that the relevant skills, advice and knowledge have been demonstrated to enable them to categorise the Fund as an elective professional client.

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## **2. Audit Report**

Pensions Investment is subject to annual review by Internal Audit to provide assurance over the effectiveness of controls to manage the fund, by evaluating the effectiveness of governance arrangements, systems and procedures in place to manage the fund effectively. The internal audit team have recently finished their annual audit into the governance of the Suffolk Pension Fund.

The review examined the preparation and progress in response to recent developments of regulatory requirements and investment reforms and the Fund's approach to the LGPS reforms on asset pooling issued by Government. It was found that good governance arrangements are in place, and that progress is being well communicated with the Pension Fund Board and Committee.

In the areas reviewed, audit was satisfied that a good standard of internal control, governance and risk management could be demonstrated and there were no findings raised.

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## **3. Ill Health Liability Insurance**

To follow on from the annual employers meeting a briefing note was sent to all the academies further explaining ill health liability insurance. Several academies have been in touch for further information and this has led to some deciding to take out the insurance.

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## **4. New Employers**

There have been 15 new employers admitted into the Fund during July to September of these, 10 were new academies.

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## **5. Pension Fund Committee Forward Work Programme**

The Board requested a copy of the Pension Fund Committee's forward work programme. This is attached at **Appendix 1**.

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For further information on any of these information items please contact: Paul Finbow Senior Pensions Specialist; Email: [paul.finbow@suffolk.gov.uk](mailto:paul.finbow@suffolk.gov.uk), Telephone: 01473 265288.

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## **Suffolk Pension Fund Committee Forward Work Programme**

### **Purpose**

The purpose of this forward work programme is to support the Pension Fund Committee in promoting and strengthening corporate governance across the Council.

### **Terms of reference**

The terms of reference of the Pension Fund Committee are:

- a) Overall management of the Suffolk Pension Fund.
- b) Investment Strategy Statement.
- c) Funding Strategy Statement.
- d) Strategic asset allocation and investment strategy.
- e) Appointment of the Fund's investment managers and other providers of professional services for the Fund.
- f) Setting investment objectives for the Fund's managers.
- g) Review of the performance of the Fund's managers.
- h) Consideration of the triennial actuarial valuation and any interim valuation reports.
- i) Accountability for the Committee's stewardship role by an annual report and annual meeting for employers and other stakeholders.
- j) Consideration of applications by organisations to be admitted bodies in the fund.
- k) Training to enable committee members to make effective decisions.
- l) Any other matters which fall within the responsibilities of the administering authority for the pension fund.

<b>Meeting date (see Note)</b>	<b>Added to Work Programme</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Committee will deal with this issue?</b>
<b>Friday, 2 March 2018</b>	Added 21 September 2017	Investment performance review	Review of investment performance to December 2017	Written Report
	Added 28 February 2017	Independent Investment Advisor Review	To review the role of the Independent Investment Advisor	Written Report
	Added 21 September 2017	Information Bulletin: Recent developments including the Actuarial Monitoring Report	To receive a report on recent developments affecting the work of the Pension Fund committee.	Written Report
	Added 21 September 2017	Pooling Update	To receive an update on the development of the ACCESS Pool	Presentation
	Added 21 September 2017	Investment Strategy Statement	To review the Fund's Investment Strategy Statement	Written Report
	Added 21 September 2017	Information Bulletin: Administration Expenses	Review of the administration and investment expenses of the Fund	Written Report
	Added 21 September 2017	Business Plan 2018/19	To consider the business plan for the Fund for 2018/19	Written Report
	Added 21 September 2017	Treasury Management Policy	Review of Treasury Management policies and practices	Written Report.



<b>Meeting date (see Note)</b>	<b>Added to Work Programme</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Committee will deal with this issue?</b>
<b>Friday, 2 March 2018</b>	Added 21 September 2017	External audit Plan	To receive a report from EY on the audit plan for the Fund	Written Report
	Added 21 September 2017	Forward Work Programme	To approve the Forward Work Programme for the Pension Fund Committee.	Written Report
<b>Monday, 4 June 2018</b>	Added 21 September 2017	Investment performance review	Review of investment performance to March 2018	Written Report
	Added 21 September 2017	Information Bulletin: Recent developments including the Actuarial Monitoring Report	To receive a report on recent developments affecting the work of the Pension Fund committee.	Written Report
	Added 21 September 2017	Pooling Update	To receive an update on the development of the ACCESS Pool	Presentation
	Added 21 September 2017	Training Plan Review	To consider the future Committee training programme	Written Report
	Added 21 September 2017	Forward Work Programme	To approve the Forward Work Programme for the Pension Fund Committee.	Written Report
<b>Monday, 23 July 2018</b>	Added 21 September 2017	Annual Investment Performance review	Review of annual investment performance of the Fund.	Written Report

<b>Meeting date (see Note)</b>	<b>Added to Work Programme</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Committee will deal with this issue?</b>
<b>Monday, 23 July 2018</b>	Added 21 September 2017	Annual Report and Accounts 2017/18	To approve the annual report and recommend the accounts for sign off by the Audit Committee.	Written Report
	Added 21 September 2017	Audit Report for the Pension Fund Annual Report and Accounts 2017-18	To receive a report from the external auditors on the Pension Fund accounts for 2017-18	Presentation
	Added 21 September 2017	Pooling Update	To receive an update on the development of the ACCESS Pool	Written Report
	Added 21 September 2017	Communications Strategy	To consider the Funds Communication Strategy	Written Report
	Added 21 September 2017	Forward Work Programme	To approve the Forward Work Programme for the Pension Fund Committee.	Written Report

**Note:** Additions and amendments to previous Forward Agenda are marked in bold.

If you have any questions or queries, please contact Paul Finbow. Email: [paul.finbow@suffolk.gov.uk](mailto:paul.finbow@suffolk.gov.uk), Telephone: 01473 265288.

**Other Items to be added in future**

Revised – December 2017.

## **Suffolk Pension Board Forward Work Programme**

### **Purpose**

The purpose of this forward work programme is to support the Pension Board in promoting and strengthening corporate governance across the Council.

### **Terms of reference**

The terms of reference of the Pension Board are:

- a) to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
- b) to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
- c) to secure the effective and efficient governance and administration of the LGPS for the Suffolk Pension Fund
- d) in such other matters as the LGPS regulations may specify
- e) to provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

<b>Meeting date (see Note)</b>	<b>Added to Work Programme</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Board will deal with this issue?</b>
<b>Monday, 19 March 2018</b>	Added 19 July 2017	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund	Written Report
	Added 19 July 2017	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets	Presentation
	<b>Added 20 December 2017</b>	<b>Digital Engagement with Active Members</b>	<b>To review the Communications from the Fund to Active members</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Administration Team Policy Review</b>	<b>To receive information on all the administration policies of the Fund</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Review of AVC Provider</b>	<b>To receive a report on the outcome of the review of the Suffolk Pension Fund AVC providers</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Annual Employers Meeting</b>	<b>To consider the arrangements for the Annual Employers meeting taking place on 21 September 2018</b>	<b>Written Report</b>
	Added 19 July 2017	Pension Board Risk Register	To review the Pension Board Risk Register	Written Report

<b>Meeting date (see Note)</b>	<b>Added to Work Programme</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Board will deal with this issue?</b>
<b>Monday, 19 March 2018</b>	Added 19 July 2017	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in	Written Report
	Added 19 July 2017	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
<b>Monday, 23 July 2018</b>	<b>Added 20 December 2017</b>	<b>Complaints, Compliments and Administration Performance</b>	<b>To receive a report on the complaints and compliments received by the Fund</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Suffolk's progress on Pooling of Assets</b>	<b>To receive an update on the progress of pooling assets</b>	<b>Presentation</b>
	<b>Added 20 December 2017</b>	<b>Investment Performance</b>	<b>To receive a report on the investment performance of the Fund in 2017/18</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Annual Report and Accounts 2017/18</b>	<b>To review the annual report and Accounts of the Pension Fund</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Communications to Pensioners</b>	<b>To review the Communications from the Fund to Pensioner members</b>	<b>Written Report</b>

<b>Meeting date (see Note)</b>	<b>Added to Work Programme</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Board will deal with this issue?</b>
<b>Monday, 23 July 2018</b>	<b>Added 20 December 2017</b>	<b>Recent Developments</b>	<b>To receive an information bulletin covering recent developments that the Board has an interest in</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Forward Work Programme</b>	<b>To approve the Forward Work Programme for the Suffolk Pension Board.</b>	<b>Written Report</b>
<b>Friday, 12 October 2018</b>	<b>Added 20 December 2017</b>	<b>Complaints, Compliments and Administration Performance</b>	<b>To receive a report on the complaints and compliments received by the Fund</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Suffolk's progress on Pooling of Assets</b>	<b>To receive an update on the progress of pooling assets</b>	<b>Presentation</b>
	<b>Added 20 December 2017</b>	<b>Pension Board Risk Register</b>	<b>To review the Pension Board Risk Register</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Recent Developments</b>	<b>To receive an information bulletin covering recent developments that the Board has an interest in</b>	<b>Written Report</b>
	<b>Added 20 December 2017</b>	<b>Forward Work Programme</b>	<b>To approve the Forward Work Programme for the Suffolk Pension Board.</b>	<b>Written Report</b>

**Note:** Additions and amendments to previous Forward Agenda are marked in bold.

If you have any questions or queries, please contact Paul Finbow. Email: [paul.finbow@suffolk.gov.uk](mailto:paul.finbow@suffolk.gov.uk), Telephone: 01473 265288.

Revised – December 2017