

Local Government Pension Scheme (LGPS) – arrangements for academies

The Local Government Association (LGA) along with Department for Education (DfE) and Department for Communities and Local Government (DCLG) have published a document, “Local Government Pension Scheme – arrangements for academies” to provide information for academies on participating in the LGPS. The document will also be of interest to local authority schools who are in the process of converting to academy status or considering doing so and local authorities who are involved in the process.

Contents of the paper include guidance for academy trusts on preparing to be an LGPS employer; their role and responsibilities post conversion; the position of multi-academy trusts in the scheme; pooling arrangements; understanding scheme deficits; outsourcing services; the Department for Education guarantee and academy re-brokerage.

Although the advice given in the paper is intended to have wide application across all the LGPS funds in England, some variation in policy and approach may be adopted by the East Riding Pension Fund. Schools engaged in conversion are therefore encouraged to contact Liz Vollans, liz.vollans@eastriding.gov.uk, as early as possible in the process.

The document is available online at <http://lgpslibrary.org/assets/othergov/201704Academies.pdf>

Internal Dispute Resolution Procedure (IDRP)

As a scheme employer you should be familiar with the Internal Dispute Resolution Procedure (IDRP). This is a way of dealing with complaints from prospective, active, deferred, pensioner or dependant members of the Local Government Pension Scheme (LGPS) about decisions relating to their pension benefits made by either yourself, as their employer or the administering authority. The administering authority for the East Riding Pension Fund is the East Riding of Yorkshire Council.

If a member is dissatisfied about any decision regarding their benefits under the rules of the LGPS, whether the decision is made by the employer or the administering authority, they have the right to have their complaint independently reviewed under the IDRP. This is a two stage procedure.

In the first instance, scheme employers should advise potential complainants to contact Suzanne Firth, Principal Pensions Officer as she will try and resolve the matter informally by checking for any misunderstandings or inaccuracies. Only then, if the matter cannot be resolved, a Stage 1 IDRP application pack will be issued which will inform the complainant of the procedure and timescales.

If the scheme employer has made a decision the complaint will be forwarded onto your "Adjudicator" which is normally a senior officer within your organisation. This officer will have been nominated, via the ERPF Contact Form, to be the Stage 1 Adjudicator. Any complaint should be fully investigated, in particular ensuring a review of the original process and all information considered relevant which led to the original decision. If the adjudicator's decision is contrary to the original decision, the scheme employer or the administering authority will resolve the case in accordance with the recommendations.

Ill Health Liability Insurance

You will be aware from the earlier Employer Bulletin 30 and from reading the Funding Strategy Statement (FSS) that employers can take out external health insurance to cover the ill health early retirement strain costs (see section 3.8 of the FSS). These costs are usually picked up in the employer contribution rate when it is assessed at the next valuation, for example, any ill health retirements between 1 April 2016 and 31 March 2019 would be picked up at the 2019 valuation.

Please find attached to the main body of this email details of the external ill health insurance from Hymans whose insurance is through Legal and General. Please note that employers who take out the cover can, if they wish, reduce their employer contribution rate by the insurance premium. By offsetting the premiums paid against the employer contribution rate, employers need to be aware that this will result in less contributions going towards an employer's funding position. As the employer contribution rate is based on having an estimated number of ill health retirements, then, if an employer experiences a greater than expected number of retirements, paying premiums will improve the funding position as the strain costs are met by Legal and General. However, if an employer experiences a fewer than expected number of ill health retirements then the profit will fall to Legal and General rather than benefit an employer's funding position.

If you require further information then please contact Hymans Robertson's ill health team in the first instance via IHLI@hymans.co.uk or call 0141 566 7874.

Procedure for Reporting Breaches of the Law of the Pensions Regulator

You will recall in employer Bulletin 2 issued in October 2015 that you were informed of your legal duty to report to The Pensions Regulator if you become aware that there has been a breach of the legal requirements that govern the East Riding Pension Fund (ERPF). Failure to report a breach is a civil offence which can result in a fine on the persons who fail to report it. As a refresher, please find attached to the main email ERPF's "Procedure for Reporting Breaches of the Law to the Pensions Regulator" to ensure you are aware of your responsibilities.

Please ensure all colleagues in Finance, HR and Payroll who provide pension's information to the ERPF are aware of the procedure particularly in relation to late payment of employer and employee pension contributions to the ERPF and late submission of year end returns.

Valuation Report as at 31 March 2016

The 2016 valuation report was issued to all employers on 31 March 2017 and can be accessed on the Fund's website <http://www.erpf.org.uk/employers/> under 2016 Actuarial Valuation. The report sets out the minimum employer contributions that an employer must pay from 1 April 2017 to 31 March 2020.

Funding Strategy Statement (FSS) 2017

The draft FSS was approved by Pensions Committee in March 2017 and can be found under the "Useful documents" section at <http://www.erpf.org.uk/investments/>. Please note that the FSS states that the payment of Secondary rate contributions set in lump sum monetary terms in the 2016 valuation report must be paid in monthly instalments by employers.

Revised Employee Leaver Form

Regulation 93 of the LGPS Regulations 2013 can be applied if an employee who is a member of the LGPS is dismissed as a consequence of grave misconduct or a criminal, negligent or fraudulent act or omission in connection with the employment.

The employee leaver form includes a section under dismissal, where the employer can seek to recovery monetary obligation from the member's accrued pension. Recently a number of employee leaver forms have been received by the ERPF with the option 'Dismissal' and reason 'Financial' selected. On investigation it appears this section is being completed for cases where a post has been deleted from the organisation or the work has been outsourced (based on a financial decision).

Non-Retirement leaver		
Resignation	<input type="checkbox"/>	Including any leavers aged 55 to 59 where you are <u>not</u> submitting a Notification of Retirement form
End of Fixed Term Contract	<input type="checkbox"/>	
Opt Out	<input type="checkbox"/>	You MUST submit a copy of the employees signed opt out form
Dismissal	<input type="checkbox"/>	Reason: Financial <input type="checkbox"/> Non-financial <input type="checkbox"/>
Redundancy - under age 55	<input type="checkbox"/>	

Therefore for clarity and to avoid future confusion the employee leaver form has been updated as below. The revised form is available on the ERPF website at <http://www.erpf.org.uk/employers/>.

Non-Retirement leaver		
Resignation	<input type="checkbox"/>	Including any leavers aged 55 to 59 where you are <u>not</u> submitting a Notification of Retirement form
End of Fixed Term Contract	<input type="checkbox"/>	
Opt Out	<input type="checkbox"/>	You MUST submit a copy of the employees signed opt out form
Dismissal	<input type="checkbox"/>	<p>See Leaver Form guidance notes: Regulation 93 of the LGPS Regulation 2013 applies if the member has been dismissed as a consequence of grave misconduct or a criminal, negligent or fraudulent act or omission in connection with this employment.</p> <p>Please tick here only if the member has incurred monetary obligation from this act or omission and you are seeking to recover this obligation from the member's accrued pension. <input type="checkbox"/></p>
Redundancy - under age 55	<input type="checkbox"/>	

Distribution details

To make sure the information provided in the monthly employer bulletins is reaching the right people, could you please circulate this bulletin to colleagues within your organisation who have responsibilities for pensions including Business Managers, Finance Officers, HR and Payroll staff.

If you would like to add anyone to the mailing list please then their details (name, email address and organisation) to liz.vollans@eastriding.gov.uk.

Earlier bulletins issued can all be found on the ERPF website <http://www.erpf.org.uk/employers>