

LGSS Pensions Employer Newsletter

Issue 3

Autumn 2017

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Welcome to the Autumn edition of our Employer newsletter. Autumn is always a time for change, the leaves are turning, the nights draw closer and memories of summer begin to fade as our focus shifts towards the end of the year and, dare I say it, Christmas.

It is no different for us here at LGSS Pensions. Over the remainder of 2017, we will be working on a number of improvements to the service that we provide to you and your members. Expect new employer and member websites, a new administration strategy plus some other changes, just in time for the new year.

We will be providing you with detail on these changes and more at our Employer Forums which take place at the end of this month. I urge you all to sign up to these useful and informative events; it is your chance to hear about the latest developments within LGSS Pensions and the wider LGPS world. You will also have the opportunity to attend some of our workshops - this year we will be offering workshops on Pensionable Pay, Employer Self Service, Employer Discretions Policies and Outsourcing; all subjects that we hope will help to make your life a little easier.

Turning to this edition of our newsletter, you should find some useful articles inside. Sandra Winskill from Peterborough Regional College has been kind enough to write an article providing her experience of the year end process after changing payroll provider part way through the year. Finally, as a teaser for the Forum, we have an article about pension implications when outsourcing services. Don't worry though, it's not all business, we also have a few little fun treats for you inside that I hope you will enjoy. As always, we appreciate any feedback you have about this newsletter.

C. Blose

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News in Brief

Annual Benefit Statements

Annual Benefit Statements have now been issued to all members of the LGPS and Firefighters Pension Schemes.

For the majority of our LGPS members, this meant statements were available online through their Member Self Service account. Please make sure that your members are aware that their statements are available to be accessed online, via the Annual Benefit Statement link on our homepage.

The Pension Regulator turns spotlight on Public Sector Pensions

The Pension Regulator has recently taken a keen interest in Public Sector Pension schemes.

The Regulator recently issued a £1,000 fine to a Local Government Pension Fund, for failing to submit it's 2016 Scheme Return, which is required by law.

Earlier this year a number of employers in the Teachers' Pensions Scheme were also fined by the Regulator for failing to provide a year end return, to the scheme, as required by law.

Customer Service Excellence

We are pleased to announce that we have been awarded the Customer Service Excellence standard for a second time.

Despite having already being awarded the standard, we were keen to continuing improving the service we provide to you and our members and we are very pleased that this was recognised by the assessor.

Here are some highlights from the assessors report:

"LGSS Pensions are to be commended for the way in which they have managed two recent moves without having any detrimental affect on services. Concerted efforts were made to provide all the resources to do this."

"Numerous improvements have also been made to the way in which pensions services provide information to their customers. The volume and range of methods warrant compliance plus."

"Ultimately, the testimonials of customers provide the validation of LGSS Pensions customer excellence with one comment 'ecstatic' showing the depth of the feelings conveyed by customers"

Pensions Quiz

1. How many different Funds are there in the LGPS (England & Wales)?
2. LGSS Pensions provides Pensions administration for which LGPS Funds?
3. What is the average value of an LGPS pension in payment?
4. What is the earliest age at which members can access their LGPS benefits? (not including ill health pensions).
5. According to the latest DWP figures. What is the average retirement age in the UK for both men and women?

Dates for your Diary

- | | |
|-------------|--|
| 23 Nov 2017 | Northamptonshire Employers Forum - Knuston Hall, Irchester |
| 29 Nov 2017 | Cambridgeshire Employers Forum - Grafham Water Centre, Perry |
| 12 Dec 2017 | Employer Responsibilities Webinar |
| 12 Dec 2017 | Ill Health Retirement Webinar |
| 14 Dec 2017 | Employer Responsibilities Webinar |
| 14 Dec 2017 | Pensionable Pay Webinar |

Year End: An employer's perspective

Sandra Winskill, HR Business Partner, at Peterborough Regional College

We took the decision to retender our external payroll provider, this was driven by quality concerns we had with our existing payroll provider; and following a tendering process we moved payroll providers during November 2016.

We were advised by our new payroll provider to ensure that our previous provider included details of pension contributions, to date. However, this is where we fell down, we did not ask for these in any specific format. As there is no payroll obligation to ensure pension data is cumulative throughout the tax year period, this data did not form part of the transfer onto the new payroll providers system. This subsequently left us with a problem because the format of the data provided by our old payroll provider meant that we needed to spend time making sure it was in the format needed for the LGPS year end. Added to the fact we are not pension/payroll experts we had to dig deep!

So our top tips for transferring payroll provider would be:

- Wait until new tax year if you can!
- Ensure that you ask your old payroll provider to complete the year end pension process in the correct LGPS format prior to the end of the payroll contract
- Be clear in the contract what pension forms you expect the new provider to complete, as we have found that our new payroll provider is more willing to complete pension forms than our old one was not, which was more luck than judgement but has been a bonus.
- Have a contingency on how to deal with any payroll data gaps that are created by the transfer – for example many of the LGPS forms require three year salary history, which your new payroll provider will not have. So unless you come up with an agreement around them be prepared to hold historic payroll data for 3 years, as historical requests will need to be dealt with by the employer.
- Not specific to LGPS, but something to consider if you change provider is loss of any access to on-line payslips and in particular to P60's. We decided to get hard copies of P60's and send them with the new payroll on-line log in details so they had most important document for their records.

Changing payroll provider? Don't forget to tell us.

If, like Sandra, you are changing your payroll provider, it is important that you let us know immediately, to avoid any issues in the future; particularly with your Year end submission.

We will need to know the following information:

- Who the new provider is
- When the change occurred
- List of active members including old & new payroll references - ***This is particularly important, the payroll reference is one of 3 data items we use to identify unique employments, if you do not provide us with the new reference, we will not be able to match your data with the correct employment.***
- Old Altair reference
- Date of transfer

See Sandra's top tips above for information that you need to make sure you get from your outgoing payroll provider, to avoid problems at year end.

Outsourcing and alternative delivery models - Pension Considerations

With the public sector still feeling a tight squeeze on budgets, which does not look like easing any time soon, alternative delivery models, such as outsourcing services and other creative solutions, continue to be a feature of public service provision. If you are transferring staff to a new provider or entity as part of this process, there are likely to be Pension implications, some of which can be quite costly or take a good length of time to work through. It is important that you involve us in the earliest stages of any project, where there is a potential transfer of staff so that we can advise you of the pension implications and the costs and timeframe for dealing with these. We strongly suggest that you speak to us about your plans before finalising your business case so you can include the pension implications. The following are some of the main issues that you will need to consider.

Do you have an obligation to ensure pension protection is provided?

When transferring staff to a new provider you may be required to provide them with pension protection.

You will need to know if either of the following apply:

- Best Value Authorities Staff Transfers (Pensions) Direction 2007
- New Fair Deal

Have you allowed enough time to secure pension protection?

Discussions about pensions early in the procurement process are essential as your transfer cannot go ahead without pension protection being in place.

- Have you built enough time into your project plan to secure pension protection?
- Bidders will expect to see pension costs and risks detailed within your tender documents. It can take up to 6 weeks to get this information, have you requested this in time?
- Have you left enough time for all decisions to be considered and agreed by key decision makers? You may have boards or committee meetings to meet.
- Failure to engage with us at the very beginning of the process can lead to delays and complications later on.

Do you know the risks?

Potential risks associated with provision of pensions can cause uncertainty and confusion and if not managed as part of the process could lead to serious problems.

- How will you and the new provider manage these risks between you?
- What happens if the provider becomes insolvent and leaves behind a large deficit?
- What happens if pension contributions increase in the future?

Is this the most cost effective option?

There are significant costs involved with providing pension protection. You will need to know what these costs are to assess best value.

- A typical outsourcing project can easily incur set up costs of £8000 or more.
- A bond or indemnity may be required. The cost of obtaining these can be significant and will increase the cost of any contract.
- What contribution rate will the new provider pay, this could be significantly more than what you pay now.
- Are there any other ongoing costs that need to be accounted for?
- Failure to account for these costs could lead to serious complications later on.

Please contact the Employer Services team if you would like any more information about this topic. Our contact details are at the end of this newsletter.

2 Minutes with... Stephen Gribbin And now for something completely different...

Stephen is one of the Team Leaders within our Operations team. His team are responsible for processing retirement requests.

How long have you worked in Pensions?

All in all, I have been in the department for 5 and a half years.

What is your favourite part of your job?

I work with and manage a great team who consistently produce excellent results

What is the most challenging part of your job?

Ensuring adequate resources are in place for the busiest times of the year to ensure service levels are not affected.

What is your greatest achievement?

Passing my driving test – it only took me 6 attempts!!!

If you could go anywhere in the world, where would it be?

Australia – I think it would be pretty cool to do some travelling across Australia!

What's the one thing you could not live without?

Apart from of course, my partner Rachel and my son Aiden, I would have to say Celtic and my season ticket!

Pension Quiz Answers

1. There are 89 different Funds in the LGPS (England and Wales)
2. LGSS provides pension administration services to the Cambridgeshire and Northamptonshire Pension Funds. We also administer the Firefighters Pension Scheme for the Northamptonshire and Cambridgeshire Fire Authorities.
3. The value of the average LGPS pension in payment is £4000.
4. The earliest that an active member of the LGPS can choose to retire is aged 55.
5. Men: 65.1 years, Women 63.6 years

Autumn is here and with it comes beautiful autumnal foliage, Halloween and longer nights. Here are some facts about Autumn, that you may not have known:

- An estimated 10 million pumpkins are grown in the UK each year; 95% of which will be carved as lanterns with the other 5% being used for Stews, Soups and Pies.
- Children born in Autumn (September through to December) are more likely to excel in school according to a Department of Education Report.
- Until the 16th Century, Autumn was just called "Harvest".
- The full moon closest to the Autumn equinox is known as the Harvest moon. Before electricity, farmers relied on the bright light of the Harvest Moon to gather their crops in the longer nights.



Image: istock/Jim Kruger

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