

Employer Responsibilities

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Administered in partnership





How will this webinar work?

What this webinar will cover

- Eligibility
- How to return data
- Contributions
- Pay definitions
- Notable member options
- Leavers/Retirements
- Estimates
- Discretions



Outcomes

- To empower you to administer your LGPS members pensions
- Confidently process new starters, leavers and pay your contributions
- How to deal with differing types of requests

What is the Local Government Pension Scheme (LGPS)?

- The LGPS is the largest public sector scheme in the UK with over 6 million members, approximately the population of Singapore!
- It is a statutory nationwide scheme for Local Government employees.
- It is administered locally for participating employers through 90 local Pension funds.
- We administer the Northamptonshire and Cambridgeshire Pension Funds.

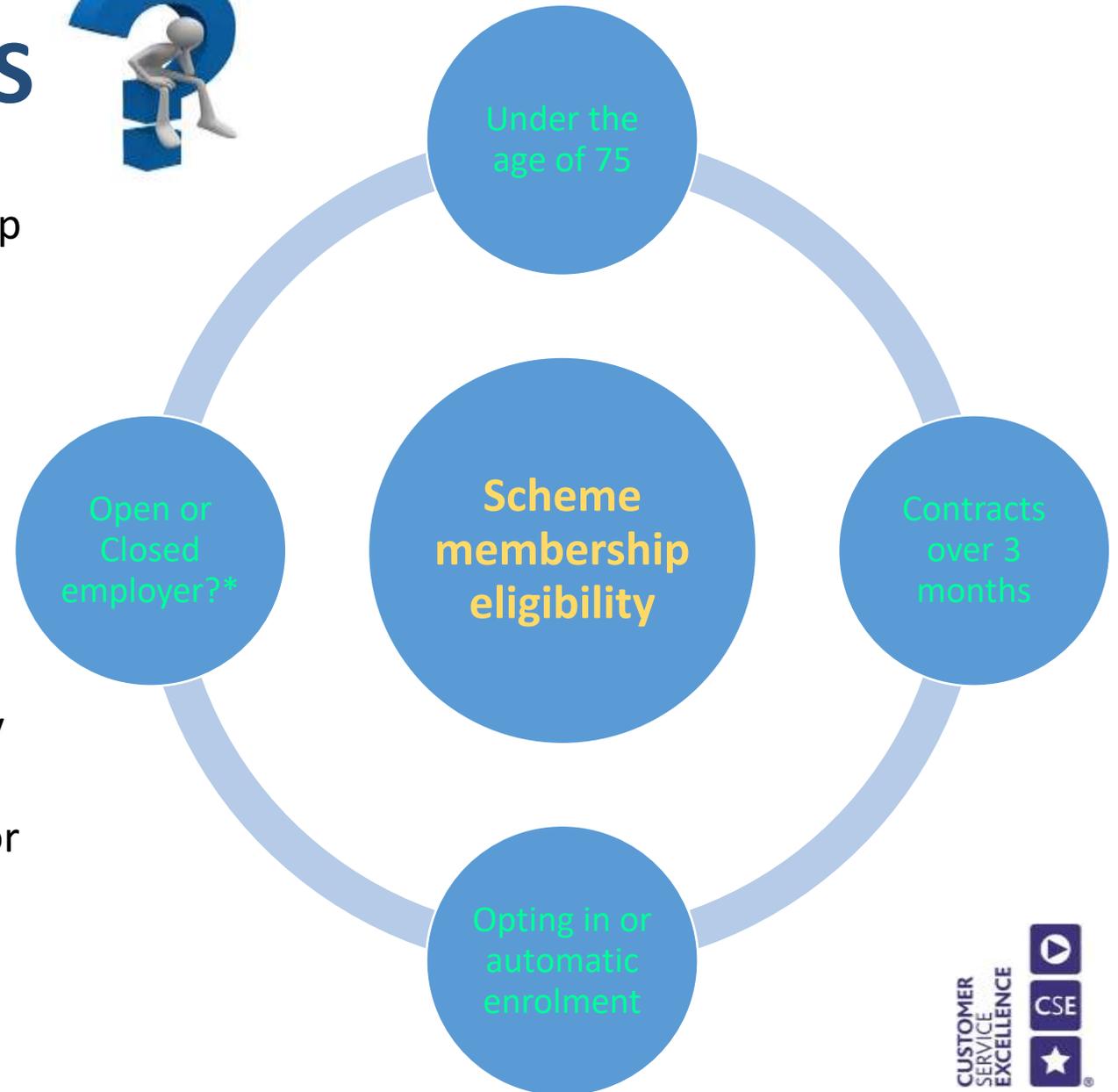
Who can be in the LGPS



- New members should complete a Membership Information Form
- Open or Closed Employer?

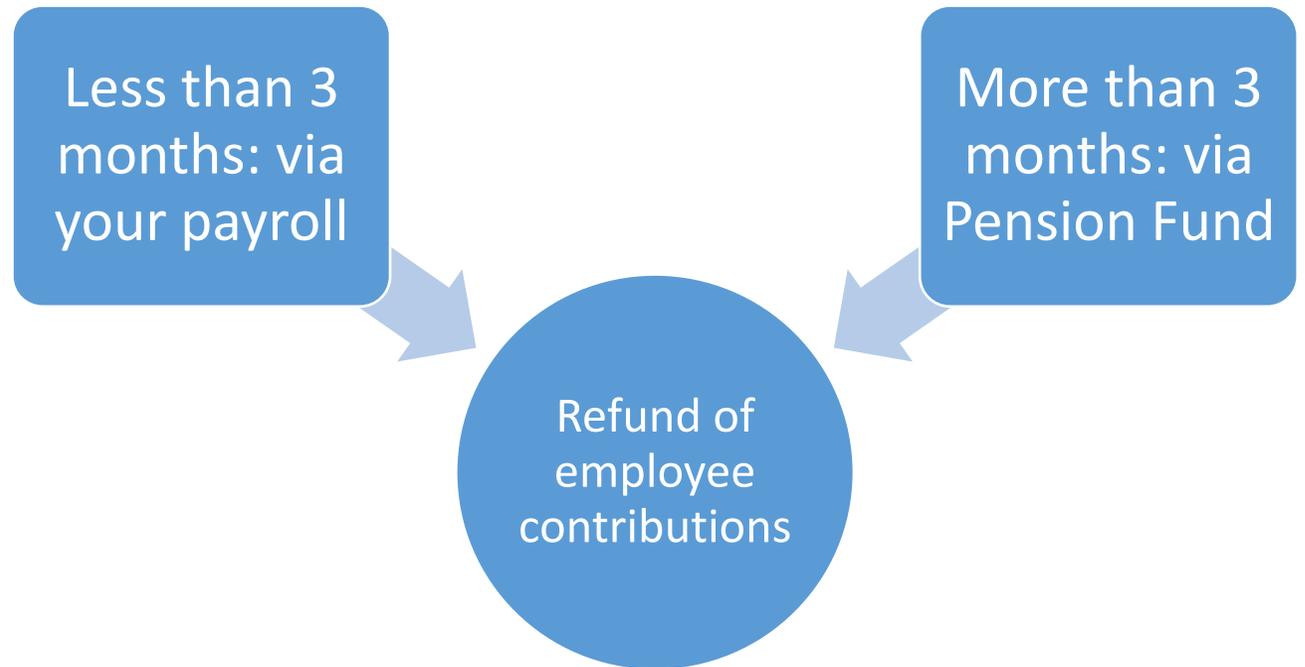
Open: Those employers with a statutory obligation to use the LGPS such as county councils, academies & schools.

Closed: The employer may be a Designating Body or an Admission Body, in which case the body would designate the employee for membership or their eligible members would be as defined in their Admission Agreement.



What if an employee doesn't want to be in the LGPS?

- An employee can opt out of the LGPS at any time, once they are a member
- Opt out forms can be obtained from our website, or directly from us. **They must not come from you.**



How to Notify Pensions of a new information

- Once a member of staff is enrolled or opts into the scheme, you must notify The Pension Service
- This information should be provided within 30 days of the individual commencing membership
- Use I-Connect (returns are due by the 14th of each month)



i-Connect – Two ways to submit your monthly data

File Upload

Suitable for a large employer/payroll provider with more than 50 pensionable employments in their monthly payroll.

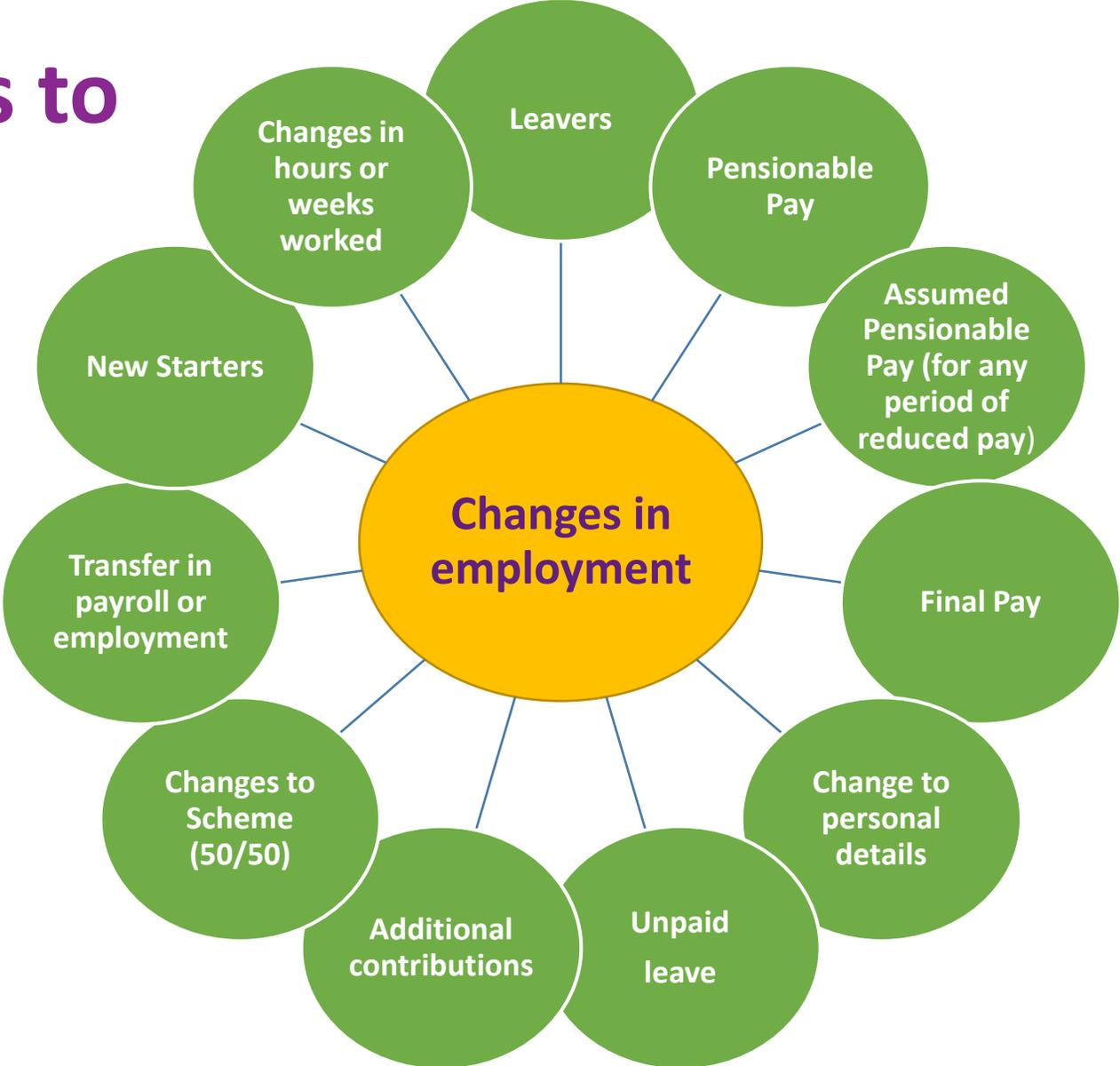
- **Multiple Payroll Processing (MPP)** – one upload file which contains the data for multiple employers
- **Single Payroll Processing (SPP)** – one upload file which contains the data for a single employer

On-Line Return

Suitable for a small employer with fewer than 50 pensionable Employments in their monthly payroll.

Employment changes to keep us informed of

Tell us via your monthly i-Connect report



Deduction and payment of contributions

Employer Contributions

The deduction and payment to the Fund, of Employee and Employer contributions is the responsibility of the Employer

- Employer contributions rates are set for each employer every 3 years at valuation
- BACS payment required
- Ensure payment is received by the **19th of the month following deduction**
- Online contribution return to accompany payment
- The online contribution return will generate a unique reference that must be quoted on BACS payments
- Late payment policy



Image: Freepik.com

Employee Contributions



- Employee contributions rates should be based on the members actual or estimated annual pensionable pay
- The rates are issued and updated annually by central government.
- Employer must assess the correct rate at the start of employment and review each April
- Employer can change the rate during the financial year, if there is a material change in the employees' pay
- Payment due by the 19th of the month following deduction

2022/2023 Employee Contribution Table

Actual Pay	Main Section Contribution Rate	50/50 Section Contribution Rate
Up to £15,000	5.50%	2.75%
£15,001 to £23,600	5.80%	2.90%
£23,601 to £38,300	6.50%	3.25%
£38,301 to £48,500	6.80%	3.40%
£48,501 to £67,900	8.50%	4.25%
£67,901 to £96,200	9.90%	4.95%
£96,201 to £113,400	10.50%	5.25%
£113,401 to £170,100	11.40%	5.70%
£170,101 or more	12.50%	6.25%

Submitting your online contribution return

- 1) Visit our website: <https://pensions.northamptonshire.gov.uk/home/>
- 2) From the navigation bar select the 'LGPS' drop-down menu and select 'My responsibilities'. If prompted the password is: **Orange**
- 3) Scroll to 'Submit monthly contributions'
- 4) You will be asked to input your employer details and provide a summary of the total amounts deducted for the month. The return will provide a unique reference that must be quoted on the BACS payment.

If you have queries regarding payments you can contact our finance team at pencontributions@westnorthants.gov.uk

Escalation process

- Member requests cannot be completed without the required data and your responses to any queries
- We are happy to deal directly with payroll providers but it is the employer's responsibility
- New escalation processes now in place
- If not resolved charges will be raised to cover additional costs to the Fund
- Warning on first occasion and training provided
- Matter could become an IDR case and reported to Pensions Ombudsman or Pension Regulator



Image: Freepik.com

i-Connect Escalation Process

If the monthly submission was not completed by 10th working day of the month...

Stage	Actions	Response expected
1	The Payroll provider/employer is informed of non-compliance and is logged for future reference. I-Connect access holder for the employer will be contacted (14-15 th of the month)	5 working days
2	Non-compliance will be escalated to line manager of the i-Connect access holder for the employer	3 working days
3	Non-compliance will be escalated to the employer's contact explaining that non-compliance at the end of the month will trigger a charge	End of calendar month
4	Non-compliance will be escalated to the employer's overall responsibility contact and the charge will be applied in accordance with our Administration Strategy	5 working days

Escalation process for membership queries

Stage	Actions	Response Expected
1	Query to be raised with normal HR/payroll contact.	5 working days
2	If query is not resolved within the relevant timeframe, query to be escalated to line manager of normal contact.	3 working days
3	Calculation to be made using data held on the system.	N/A
4	Non- responses will be escalated to the overall responsible contact for the employer, explaining that if the issue is not resolved, the charge will be applied to recover additional cost	Monthly

Escalation process for contribution payments

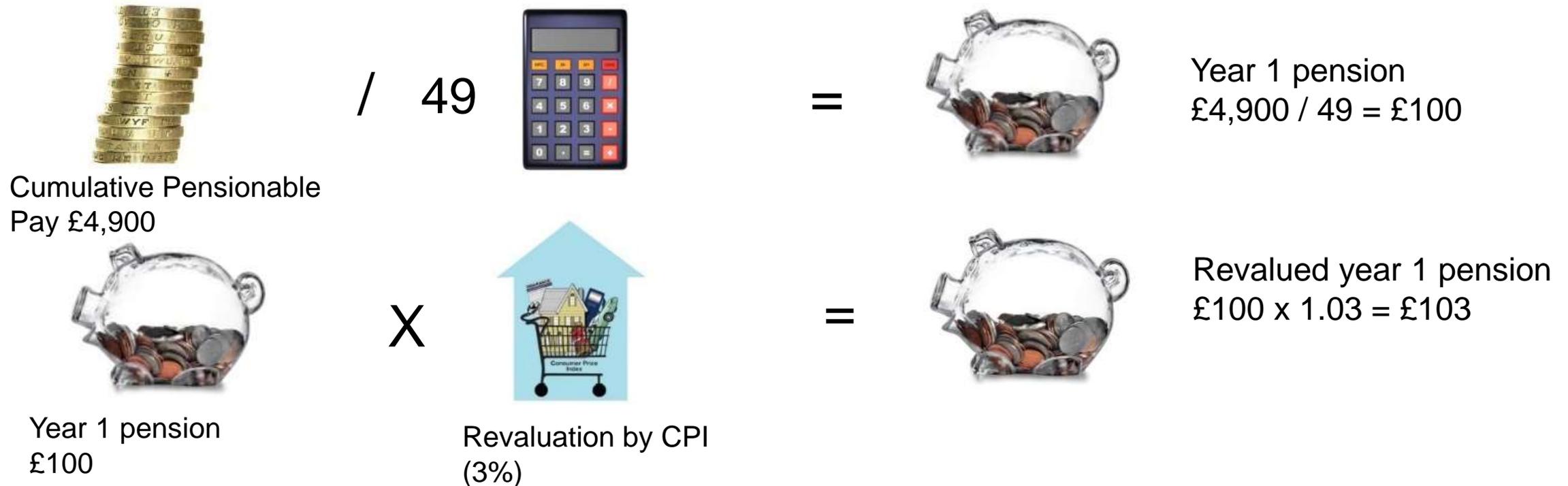
Stage	Actions	Response Expected
1	<p>The individual that usually submits the payment/schedule is contacted by the end of the calendar month that the payment/schedule is due.</p> <p>Incidence of non-compliance is recorded for future reference.</p>	5 working days to submit schedule/payment
2	<p>The non-compliance is escalated to the line manager of the contact at stage 1.</p>	Given a further 5 working days to submit schedule/payment
3	<p>Non-compliance will be escalated to the scheme employer's contact explaining that further non-compliance will lead to an administration fee, and will be reported to the Chairman of the Pension Fund Committee for further action.</p>	5 working days
4	<p>The overall responsibility contact of the scheme employer will be contacted. In the case of non-compliance after 5 working days, an invoice will be raised for the administration fee, and the incident will be reported to the Pension Fund Committee.</p>	5 working days

Circumstances where costs might be recovered

Scheme Employer Function/Administration process	Description	Illustrative
Monthly contribution pay over	<p>Late payment of employee, employer and additional pension contributions (APC/ARC/Added years) to the Fund by the 19th of the month following Deduction.</p> <p>No schedule of payments sent and received by the Fund.</p>	<p>£80 if no interest charge. Interest payable at prevailing rate if payment more than 30 days late. Additional £100 if interest needs to be calculated</p> <p>£80 will be charged for late/non submission of contributions payment return</p>
New active member	<p>Scheme employer has not notified the Fund within 10 working days of the relevant calendar month end.</p>	<p>£50 per notification</p> <p>A further £30 for each month the notification is outstanding</p>
Leavers (non-retirement)	<p>Scheme employer has not notified the Fund of any leaver.</p> <p>The late or non-provision of a leaver form.</p> <p>Poor data detailed on the form, in particular inaccurate pay details.</p>	<p>£50 per notification</p> <p>A further £30 for each month the notification is outstanding</p>
Retirement	<p>Scheme employer has not notified the administering authority that a member is due to retire within 10 working days before date of leaving.</p> <p>Non-provision of retirement form, poor data detailed on the form – particularly inaccurate pay details.</p>	<p>£160 per notification</p> <p>A further £80 for each month the notification remains outstanding</p> <p>These higher rates reflect the fact the retiree will be chasing the administering authority for their pension</p>
Monthly/annual membership data	<p>Scheme employer has not provided monthly data within 10 working days of the relevant calendar month end and/or quality of data provided is poor and requires manual intervention.</p> <p>Scheme employer has not provided year end data by the 30th April and/or quality of data provided is poor and requires manual intervention and additional data cleansing.</p>	<p>£400 per data file</p> <p>A further £200 per month the data is outstanding</p>
Monthly/Annual data queries	<p>Scheme employer has not responded to queries regarding submitted monthly or annual data within 10 working days of this request or the response has been unsatisfactory and queries remain outstanding</p>	<p>£100 per omission</p> <p>A further £60 per month of non-response or unsatisfactory replies</p>

Scheme overview and member options

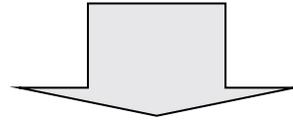
How does CARE work? – Part 1



This year 1 pension is then revalued every year until leaving to maintain its value. Assuming CPI was 3% each year, at the end of 10 years the pension for year 1 would be £548. **The Consumer Price Index (CPI)** is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

How does CARE work? – Part 2

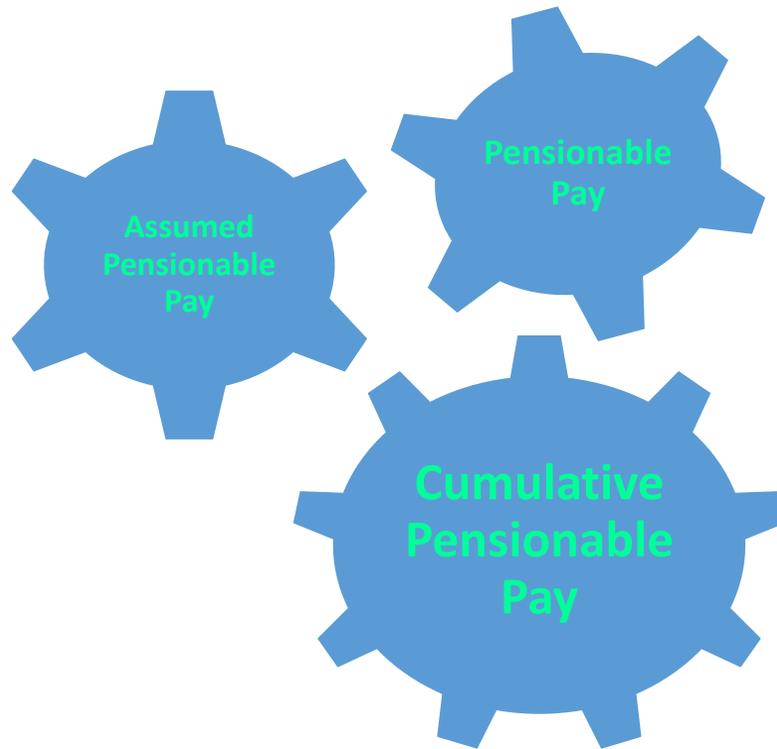
New pension pot for each year of membership



Total of pension earned each year (after revaluation) equals total pension 'pot'

Pay Definitions

2014 CARE Scheme



Pre 2014 benefits

Assumed Pensionable Pay (APP)



APP replaces the actual pensionable pay received during:

- periods of sickness on reduced or nil pay
- reduced or nil pay during relevant child related leave (ordinary and paid additional)
- reserve forces service leave

It is based on last complete 3 months or 12 weeks pensionable pay including any APP in that period (but excluding all lump sums)

Employer contributions should be calculated using APP

Reducing contributions - 50/50 scheme

50
—
50

- Accrual rate of 1/98th rather than 1/49th
- Other benefits paid in full e.g., death in service
- Employer pays full contributions
- Automatic re-entry into main section from next available pay period:
 - On the employer's re-enrolment date
 - When an employee moves to unpaid sick leave or child related leave (**not additional unpaid child related leave**) that crosses a pay period
- The member can elect to move between Main and 50/50 scheme at anytime by completing the form.
- Ensure payroll can cope with two different sections of the LGPS

Increasing pension benefits

Additional Pension Contributions (APC's)

- Used to buy back lost pension from authorised unpaid absence.
- APC only increases the member's pension, there is no increase in survivors' pensions
- The member can also use an APC's to buy a set amount of pension. Medical check is required.

Additional Voluntary Contributions (AVC's)

- Facility to buy additional pension through a third party provider – cash amount or % of pay
- Deduct straight from pay and send to provider as soon as possible to avoid a loss of investment
- If member goes on unpaid leave they can either cease the contract or it remains payable for as long as there is pay to cover it.

Different Types of Leavers

How to Notify Pensions of a leaver

Employer > Pensions:

- i-Connect monthly return submission will notify us of any leavers but;
- where there is an immediate payment of benefits due: ***submit a leaver's form two weeks PRIOR to the leave date (where possible)***



Employer > Member:

- Appeals leaflet 'Checking and Disputing Your Employer's Pension Decision'
- Transfer out forms

Retiring (age 55+)

- Voluntarily retire between 55 and 75. Actuarial reduction/increase may apply to benefits taken before/after NPA
 - Employer discretion to waive actuarial reduction
- Protections for those who were members of the LGPS before 1st April 2014 mean, that different reductions or increases may apply to different parts of their benefits.
- 75th birthday? You **must** bring them out of the Scheme two days before their birthday
- Provide the member with retirement forms
- Flexible retirement ? Please complete an 'Employer Decision form'



Redundancy

- Immediate pension benefits are payable, if the employer certifies that termination is on the grounds of redundancy and the member is 55 or over but under the NPA
- If you have an employee being made redundant aged 55 or over then ensure you get an estimate as there is likely to be a cost!
- The benefits will be paid without a percentage reduction for early payment
- You are responsible for the cost of early payment
 - We will provide details of the costs immediately following the retirement, which we invoice to be paid as a one off lump sum

Ill Health Retirement



- Member, as a result of ill-health, must:
 - be permanently incapable of continuing their current employment and;
 - not immediately capable of undertaking any gainful employment and;
 - have had their employment terminated, by you, on the grounds of ill health
- Gainful employment = 30 hours per week for period of at least 12 months
- Three tiers of benefits

Detailed guidance, forms and resources are available on our website;

<https://pensions.northamptonshire.gov.uk/lgps/my-responsibility/my-responsibilities-ill-health-retirement/>

Flexible Retirement

- From 55 an employee can take flexible retirement at your discretion
- A reduction must be applied to their hours and/or grade. It is at your discretion as to how to apply this
- You must get an estimate before agreeing to a flexible retirement request and if you do agree, you should complete an employer decision form
- If the member is paying AVC's prior to the flexible retirement, then a new AVC contract will need to be started for post flexible retirement employment, if they wish to continue paying AVC's.
- Along with the usual leaver forms, we'll also need to be informed of changes for their on-going employment.



Employer Estimates



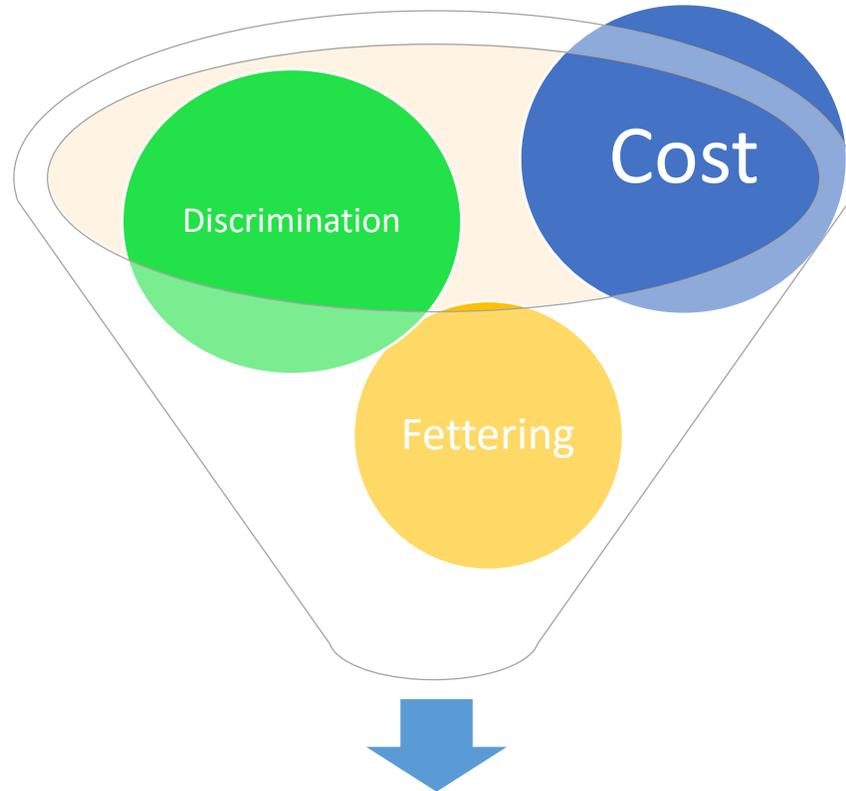
Employer Discretions

Discretions Policy



- The LGPS is a statutory scheme which means most of the rules and regulations regarding the Scheme are set by the Government
- However, you must formulate, publish and keep under review a Statement of Policy on certain discretions which you have the power to exercise
- Your discretions policy will determine how you handle specific requests from employees regarding their LGPS pension e.g., Flexible Retirement
- A spreadsheet showing all the discretions can be found on our website:
<https://pensions.northamptonshire.gov.uk/lgps/my-responsibility/discretions/>

How do I produce a discretions policy?



Discretions Policy

If you are agreeing to exercise an employer discretion complete the 'Employer Decision form'

Internal Dispute Resolution Process (IDRP)

- Member has a right to appeal every pension decision
- All decisions should include details of the right of appeal, the job title and contact details of your adjudicator & leaflet 'Checking and disputing your employer's pension decision'
- If a member lodges a complaint the 'Full Guide – decision made by a fund employer' should be sent
- Our guidance note takes you through the dispute process with suggested letters
- You must appoint an adjudicator to deal with dispute applications
- Detailed information, resources and forms for the IDRP process are available on our website:

<https://pensions.northamptonshire.gov.uk/lgps/my-responsibility/managing-disputes/>

Further Information

For more information, please refer to our website:

<http://pensions.cambridgeshire.gov.uk>

<http://pensions.northamptonshire.gov.uk>

The password to access our employers web pages is: **Orange**

You can also contact the Employers team at:

penemployers@westnorthants.gov.uk

01604 364621



Any questions?