

Scheme Employer

Welcome to the Summer 2009 edition of Scheme Employer, the newsletter for Employing bodies which participate in the Essex Pension Fund.

Feedback is very important to us as it helps us to review and improve the service we provide to our customers so please do not hesitate to let us have your comments or suggestions.



******* BREAKING NEWS *******

FURTHER CHANGES TO SCHEME LIKELY

Further changes to the LGPS are likely following a speech by John Healy, the Minister for Local Government at the time, to the National Association of Pension Funds (NAPF) local authority conference on 19th May. Mr Healy said that the government would be consulting over changes to the LGPS in the next few months.

Healy said “If we are to defend local government and local government pensions, we can’t let the public sector become an easy target for headline –grabbing criticism”.

He also said “We can be pretty sure the workforce of the future is going to have to be more flexible, possibly working longer and demanding more personalised benefits. Designing a pension scheme now that can respond to all those challenges, and the costs it produces, while remaining fair to the taxpayer, is a real challenge for us all.

The Minister said that the consultation would assess the current scheme structure and also consider sharing administration arrangements and merging some local government funds.

An informal consultation document entitled ‘Local Government Pension Scheme - Delivering Affordability, Viability and Fairness’ was issued by CLG on 25 June 2009 and was e-mailed to employers on 10 July 2009. This consultation (which will run parallel to, and is quite separate from, the main consultation) deals with issues surrounding the likely impact of the triennial valuations next year and also proposes a ‘tweaking’ of the employee contribution rates.

The main informal consultation document on possible changes to the scheme is expected to be issued by Communities and Local Government (CLG) in the near future.

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REGULATIONS

FINAL REGULATIONS

The LGPS (Amendment) Regulations 2009 [SI 2009/1025] came into force on 15 May 2009.

The regulations:-

- revoke regulation 40 (guidance on future costs) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007;
- insert a new regulation 36A into the Local Government Pension Scheme (Administration) Regulations 2008 which requires administering authorities to have regard to guidance about how the costs of the Local Government Pension Scheme will be met in future years. In order for the Secretary of State to produce that guidance, administering authorities are required to produce to the Secretary of State by 31 August 2010 (and triennially thereafter) the data supplied to their own fund actuary to carry out the triennial actuarial valuation. The Government Actuary's Department (GAD) will use that data to produce by 31 October 2010 (and triennially thereafter) an actuarial valuation, a valuation report and an overall cost certificate which will help to inform the Policy Review Group in its deliberations on cost sharing and aid the Secretary of State in the production of the necessary guidance on how the future costs of the Scheme are to be met; and
- insert a new regulation 38A into the Local Government Pension Scheme (Administration) Regulations 2008, which requires administering authorities to consider whether the rates and adjustment certificate for their Fund should be revised to take account of any amendment the Secretary of State makes to the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 as a result of cost sharing.

Prior to the above regulations being issued, CLG wrote to interested parties (on 23 April 2009) to explain the purpose of the regulations and the need for employers to provide administering authorities with end of year data in a timely manner.

The valuation data provided to GAD must be clean data (i.e. after all queries have been sorted out) and we will, therefore, have to submit the valuation data to the Actuary by 30th June 2010.

Employers will, therefore, be required to submit next year's annual return by 16th April 2010

RECENT OR CURRENT DRAFTS/CONSULTATIONS

Draft Pensions (Automatic Enrolment) Regulations 2009

The LGPC has issued a response to this consultation which can be viewed on the LGE website at www.lge.gov.uk

'Local Government Pension Scheme - Delivering Affordability, Viability and Fairness'

This informal consultation was issued by CLG on 25 June 2009 and a copy was e-mailed to employers on 10 July 2009.

The LGA has responded to the **CLG consultation on amending the Accounts and Audit Regulations 2003** to improve the transparency of reporting of remuneration of senior officers in public bodies.

LGE/LGPC seek change to 2 year vesting period

The LGE/LGPC has written to CLG seeking an amendment to the LGPS Regulations to revert back to a 2 year vesting period* (from the current 3 months) It is envisaged that such a change would reduce scheme costs and have a major impact on scheme administration.

* the period of membership needed to qualify for scheme benefits

LGPC BULLETINS & CIRCULARS

Bulletins

LGPC are now issuing regular monthly bulletins which cover a variety of issues, some of which will be of interest to employers.

Circulars

Circular no. 225 Practitioner & Employers Training Events

Circular no. 227 Annual Update

Circular no. 228 Practitioner & Employers Training Events

Circular no. 229 Longevity Seminar and advance notification of Trustee events

These bulletins and circulars can be found on the LGE website at www.lge.gov.uk

ANNUAL BENEFIT STATEMENTS

In previous years we have produced all of the annual benefits statements in a single run once we have received end of year returns from all employers in the fund and resolved any resulting queries.

This year, however, we are producing the statements in several runs with those for employers who have sent in their annual return promptly and resolved all resulting queries being produced first. Therefore, if you have sent in your annual return and resolve all queries promptly then you should receive the annual statements for your employees earlier than in previous years.

Please note that the final run of statements will be on 26th October so you need to ensure that you have submitted your end of year return and resolved all queries by 30th September otherwise we will not be able to produce statements for your staff this year.

ILL-HEALTH BENEFITS—REVISED FAQs

Communities and Local Government recently issued an updated FAQs document in relation to ill-health benefits which has been e-mailed out to employers. If you have not received a copy please contact us, preferably by e-mail.

BUDGET—PENSIONS IMPLICATIONS

In his Budget statement on 22 April 2009 the Chancellor of the Exchequer announced a number of changes to tax rates and allowances for taxpayers with income over £100,000. Although some of the finer detail has yet to emerge, LGE has prepared a summary of the information issued immediately following the Budget statement. This summary can be viewed on the LGE website at www.lge.gov.uk

EMPLOYER GUIDE

A hard copy of the new Employer Guide has been sent to all employers. Please can you make sure that the appropriate staff in your organisation are aware of, and have access to, the guide. The guide is an important tool to help you to understand your responsibilities under the LGPS as a Scheme employer.

ABOUT US

Essex County Council are the Administering Authority for the Local Government Pension Scheme (LGPS) in Essex.

There are more than 400 scheme employers participating in the Essex County Council Pension Fund and *Pensions Services* administer the LGPS for in excess of 100,000 scheme members including active, deferred and pensioner members.

Investments & Insurance deal with the investment of the Pension Fund itself and with the collection of contributions from employers. If you have any questions on these subjects they can be contacted on 01245 431301

HOW TO CONTACT US



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www.essex.gov.uk/pensions

USEFUL LINKS

Local Government Pensions Committee (LGPC) : www.lge.gov.uk

National LGPS Members website : www.lgps.org.uk

Communities & Local Government (CLG) *Pensions* : www.xoq83.dial.pipex.com

Main : www.communities.gov.uk

Department for Work & Pensions (DWP) : www.dwp.gov.uk

HM Revenue & Customs (HMRC) : www.hmrc.gov.uk