Welcome to the latest edition of our newsletter for all employers in the Norfolk Pension Fund. It doesn’t seem long ago we were talking about the festive season, but Spring is on the horizon and already our thoughts are starting to turn to the latest financial Year End!

There are several issues to consider before we concentrate on that however, including the impending end of contracting out in the LGPS. This is something we’ve talked about for a while now, so hopefully you’re feeling well prepared. We’ve lots of available support material for you and your scheme members on pages 2 and 3.

As always, there are plenty of other things happening in the LGPS, from the reform of public sector exit payments to the pooling of LGPS investments. You can read all about it inside.

We also talk about our new Pensions Administration Strategy on page 6 and have included a copy of the final draft with the email that accompanied this newsletter.

Lastly, we would love to hear your feedback on the service we provide you and have set up an online survey for employers. You can read more about this on page 9.

As always, please do contact us if you have any questions or want to know more about any of the topics we have covered.

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New State Pension

There is now just a month to go until the new ‘single tier’ State Pension is introduced on 6 April 2016.

As a reminder, the New State Pension will close the Additional State Pension and bring to an end contracting out.

Currently the basic State Pension is supplemented by either the Additional State Pension, paid for by National Insurance (NI) contributions, or by contracted out pension schemes like the LGPS.

In return for employers providing a pension scheme in place of the Additional State Pension, both LGPS employers and employees currently get a rebate on their NI contributions – 3.4% for employers and 1.4% on qualifying earnings for employees.

The End of Contracting Out...

The introduction of the New State Pension means there is no longer a need for an alternative to the Additional State Pension, so contracted out status will end and the NI rebates will stop.

What does this mean for me an employer?

The amount of NI you pay will increase by up to 3.4% from 6 April 2016. You should have already planned for this increase and factored it in to your budget from 2016-17 onwards.

And for scheme members?

Many employees will see a 1.4% cut to net pay, which could encourage more opt-outs or take-up of the 50:50 option.
Support for Employers and Scheme Members

We included information about the New State Pension and the end of contracting out in the Annual Benefit Statement we sent to all scheme members in October last year.

However, you may want to remind your scheme members of the changes, particularly the increase in National Insurance contributions.

The LGA have updated their Q&A for employers on the end of contracting out. There is also a revised Q&A for employees which can be found on our website here.

In addition, the Department of Work and Pensions (DWP) have produced a State Pension toolkit to help you communicate the changes to your scheme members.

The toolkit includes videos, handouts and Q&As, along with a factsheet designed specifically for public sector employees.

The DWP wrote to all public service employers in December 2015 to inform them of these resources and the increase to National Insurance. You can see a copy of their letter here.

If you have any questions please contact Mark Alexander on 01603 495781 or mark.r.alexander@norfolk.gov.uk.
The Government has made it clear it intends to curb the incidence of, and costs associated with, early termination of employment across the public sector, including the LGPS.

We have already seen consultations on the recovery of termination payments for certain high earners who are subsequently re-employed and the introduction of an overall cap of £95,000 on public sector exit payments.

The Government have now published a further consultation on the reform of public sector exit payments. It considers the options for change relating to the calculation of discretionary exit payment lump sums (over and above statutory redundancy payments) as well as the early release of pension benefits resulting from redundancy terminations. The consultation considers options for:

- the setting of a maximum tariff for the calculation of exit payments (a maximum of 3 weeks per year of service has been suggested);
- capping the maximum period over which salary can be used when calculating redundancy payments (15 months has been suggested);
- setting a maximum salary on which exit payments can be based (£80,000 has been suggested, as per the NHS scheme);
- capping or removing the ability for employers to fund early release of pension benefits on redundancy, or increasing the minimum age at which an employee can receive such payments from an employer (5 years from an individual’s normal pension age has been suggested).

What does this mean for me as an employer?

If taken forward by the Government, most of the above suggestions could have implications for you as an employer. You may be required to reconsider your policies around workforce management and termination policies.

The full consultation can be found here. The deadline for responses is 3 May 2016.

If you have any questions please contact Alex Younger on 01603 222995 or alexander.younger@norfolk.gov.uk.
As mentioned in previous newsletters, the Government have been consulting on proposals to pool LGPS investments. At a high level they want the LGPS to create no more than six ‘British Wealth Funds’, each containing a minimum of £25bn in assets.

LGPS Funds have been encouraged to work together to put forward plans to “pool investments to significantly reduce costs, while maintaining investment performance”.

The Government wants to achieve cost savings and enhance Funds’ ability to invest in infrastructure projects; its ambition is to match the infrastructure investment levels of the top global pension funds.

Norfolk Pension Fund have been working with other like-minded LGPS Funds on proposals under the name of ACCESS (A Collaboration of Central, Eastern and Southern Shires).

These proposals have now been put forward to the Government. You can read a copy here.

In addition the Government has been consulting on new investment regulations. These will replace and revoke the existing LGPS (Managing and Investment of Funds) Regulations 2009 and facilitate the proposed pooling of assets.

You can read a copy of our response to this consultation here.

If you have any questions please contact Alex Younger on 01603 222995 or alexander.younger@norfolk.gov.uk.
2015/16 will be the second Year End under the LGPS 2014 scheme so hopefully things are starting to settle down.

As this year is a “valuation year” for the LGPS, the timetable to complete the Year End process and get the required data to the actuary is tight. We appreciate everyone is busy but The Triennial Actuarial Valuation is a statutory requirement so we have to get it done.

The Fund actuary, Hymans Robertson, spoke at our November 2015 Employer Forum about the valuation process and you can read more on page 8.

This year you will need to submit your Year End Return to us as a “bulk process” via our Employer Portal. The spreadsheet is similar to last year (but with a few less columns!). The bulk process will do initial checks on the spreadsheet including checking we have a record for every employee shown on the return.

Matching with our records is done by NI Number and payroll reference. If you don’t normally use a payroll reference we will have allocated one for you on our system – you can check what we’re holding by viewing your members’ records on the Employer Portal or contacting us.
We’ve been sending “Countdown Bulletins” to the relevant contacts at each employer to remind everyone about the need to submit Year End Returns by 30 April 2016.

All data queries must be resolved by Employers by 30 June 2016.

The time limits cannot be extended and any delay by a single employer will hold up the process for the whole pension fund. **So please do contact us early if you envisage any problems submitting your return or dealing with the queries so we can help you resolve any issues before the deadlines.**

We are working with major payroll providers (e.g. Norfolk County Council, EPM) to ensure that they are able to meet the requirements. Where you use another third party payroll provider, you should satisfy yourself that they can meet the requirements.

**Employee Contribution Bands 2016/17**

There is no change to the employee contribution bands for 2016/17 so the same bands as for 2015/16 should be used. See the [Contributions Guide G020](#) on our website.

**Employer Contribution Rates 2016/17**

Please refer to previous correspondence from us to see if your Employer Contribution Rate and any Deficit Amount payable changes from April 2016.

We will be uploading the monthly Contribution Advices (SR71) for 2016/17 to the [Employer Portal](#) by 18 March.

If you have any questions or concerns about the Year End Return please contact Isobel Carriage on **01603 222648** or Isobel.carriage@norfolk.gov.uk.
The next actuarial Triennial Valuation of the Fund is due at 31 March 2016.

The valuation is a statutory requirement and establishes the current pension funding position (solvency) of each scheme employer, setting the employer contribution rates for the three years commencing 1 April 2017.

Valuation Timetable

Importance of Clean Data

As part of the 2016 Triennial Valuation, between 4 and 5 million data items will be sent from the Norfolk Pension Fund to Hymans Robertson – so you can see how important it is for this data to be ‘clean’ (or to use another term – correct!).

There are several consequences of incorrect data:

- Under or overpayments to scheme members
- Subsequent recovery of the above
- Reputational damage to employers

Ultimately incorrect data can have an effect on the pension contributions you pay as employers.
There are now **over 250 different employers** participating in the Norfolk Pension Fund and the recent raft of reforms have made administering the scheme more complicated for both employers and the Fund.

As a result we have formulated a **Pension Administration Strategy** which will outline our requirements from you as employers as well as our obligations to you as a Fund.

The **Local Government Pension Scheme Regulations 2013** allow for an administering authority to prepare a Pension Administration Strategy in partnership with employers and other stakeholders, and keep it under review.

The aims and objectives of the **Pension Administration Strategy** include:

- To detail requirements for liaison and communication between the Fund and employers
- Outline performance expectations for the Fund and employers
- Promote good working relationships and improve transparency, efficiency and quality of data
- Fair apportioning of costs across all employers
- Provide a good quality, efficient and value for money service to all stakeholders

We talked about the Pensions Administration Strategy at our Employer Forum in December last year and also in our newsletter that followed shortly after.

Following these conversations we now have a final draft approved by Pensions Committee, subject to any final comments from employers. The final draft is attached to the email accompanying this newsletter.

**We encourage you to read through this and send any feedback you have to Mark Alexander at mark.r.alexander@norfolk.gov.uk.**

We will issue a final version of the **Pensions Administration Strategy** to you in April.
Pre-Retirement Courses

Pre-Retirement courses are run regularly to help scheme Members prepare for retirement. The course is aimed at people who will be, or who are considering, retiring in the next 18 months to 2 years.

The course includes:-
- Creating a new future and managing change
- Leisure and learning
- Maintaining health and fitness
- Information about the LGPS
- Investment options / financial advice
- Estate planning and wills

Norfolk County Council manage and run the courses on our behalf, which are open to all LGPS scheme members.

2016 Dates
- Monday 21 March 2016
- Tuesday 10 May 2016
- Monday 18 July 2016
- Thursday 22 September 2016
- Thursday 17 November 2016

To find out more and book these courses please contact:-
HR Direct, Norfolk County Council
Telephone: 01603 222212
HRdirect@norfolk.gov.uk

Changes to Pensions Committee

Further to recent political movements at Norfolk County Council, there has been a change in Pensions Committee membership. Labour’s Steve Morphew has been replaced by Allison Bradnock from the Liberal Democrats.

Conservative Jason Law has replaced Steve Morphew as Committee Chair.

The Pensions Committee act as trustees and oversee the management of the Norfolk Pension Fund. They meet quarterly and scheme members or employers are welcome to attend.

Upcoming meeting dates are:
- 14 June 2016
- 6 September 2016
- 6 December 2016

You can find more information about Pensions Committee here.
The next meeting will be held on **Tuesday 28 June** at the Oakland’s Hotel, Norwich. Registration and coffee from **9.30 for a 10am start**.

Please contact **Doreen Metcalf** on **01603 222824** or at **doreen.metcalf@norfolk.gov.uk** to book your place.

*We hope to see you there!*

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**Employer Survey**

We like to make sure we are providing a good service to all of our employers and scheme members.

*It would be great if you could spare some time to tell us what you think about the service you receive from the Norfolk Pension Fund.*

We have set up a short online survey for employers at [http://www.smartsurvey.co.uk/s/NorfolkPensionFundEmployers/](http://www.smartsurvey.co.uk/s/NorfolkPensionFundEmployers/).

The survey should only take you 10 minutes to complete. We appreciate that you are all very busy but we would love to hear your feedback.

Your responses will be used to help us review the service we provide to you as scheme employers.

If you have any questions about the survey, please contact **James Corke** on **01603 222139** or **james.corke@norfolk.gov.uk**.
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If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please contact Doreen Metcalf on 01603 222824 (minicom 01603 223833).