

Prospective LGPS Employer



Local Government Pension Scheme

A Guide for Prospective Scheme Employers

Issue 9 : April 2021

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<http://portal.norfolkpensionfund.org>

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This booklet has been developed for employers looking to join the Local Government Pension Scheme (LGPS) through the Norfolk Pension Fund. It aims to answer the most commonly asked questions and provides important information about the roles & responsibilities of becoming an employer within the Norfolk Pension Fund.

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For information on which forms to complete and how to notify us please see our [Pension Handbook for Scheme Employers \(G001\)](#)

These notes are based on our understanding of the current legislation and background information, including any guidance from the Department for Communities and Local Government (DCLG) and the Local Government Association (LGA). However, nothing contained in them can override the LGPS legislation.

Introduction

The Local Government Pension Scheme (LGPS) is a nationwide, statutory, funded, defined benefit, occupational pension scheme. It is the largest public sector pension scheme in the UK with 4.6 million members.

The LGPS is governed at national and local level by a number of different bodies and is administered locally through separate regional Funds. In Norfolk, Norfolk County Council acts as a scheme manager.

As statutory body, many of the duties of Norfolk Pension Fund are defined in regulation set by the Ministry of Housing, Communities and Local Government (MHCLG). In addition they are subject to regulatory oversight by the Pensions Regulator and must comply in particular with the Code of Practice (14) on the governance and administration of public service pension schemes.

The LGPS is funded through the contributions from all employers and employees participating in the scheme. These contributions are then invested to meet the promises made to members.

Each employer is responsible for meeting and maintaining their individual funding positions. Employer contributions to the LGPS are variable and dependent on the underlying funding position of the employer. Employers should be aware certain actions, including levels of pay awards and management of ill-health will impact on their long term pension funding and ultimately the cost of participating in the Scheme. The Scheme is valued formally every three years setting the employers contributions rates payable for the subsequent three year period.

The LGPS is a Defined Benefit scheme, benefits are guaranteed and comprise an annual pension and contingent survivor and dependant benefits. A lump sum is available to all members via commutation of annual pension at retirement. Member benefits are defined and set out in law.

Employers in the scheme include local authorities and similar public service organisations as well as other employers providing the LGPS for their employees by becoming Admitted Bodies under certain circumstances.

We are always very happy to accommodate you at our offices for an informal chat about the employer role and responsibilities. We actively encourage new employers, or new members of staff responsible for pension duties, to come and talk to us. Please contact us if you would be interested in coming to see us.

Other recommended reading

- Pension and Lifetime Saving Association – A Guide for employers participating in the LGPS – Best Practice
- Norfolk Pension Fund – Pension Administration Strategy
- Local Government Association/Department for Communities and Local Government/Department for Education – academies guide

Employers in the LGPS

Employer Support

The Norfolk Pension Fund organises regular meetings for our employers and will send you invitations.

We will also send you newsletters on issues affecting the scheme in Norfolk.

You are always welcome to visit us at our office – you can find our address on the back of this guide - it's best to make an appointment in advance so an appropriate member of staff can be available.

If you are considering any major changes to your participation in the Fund e.g. ending your membership where this option is available, outsourcing part of your work-force or closing to new members (again where the option exists) we recommend you talk to us at the earliest opportunity to discuss the implications.

Online Employer Services

All employers are required to use the secure website at <http://portal.norfolkpensionfund.org> and we will contact your chosen Pensions Liaison Officer (PLO) with details of how to access to the secure areas. We regularly update the website with the latest documents and news and will always let you know when there is something new on the site.

Our online Employer Service allows you to:

- Send and receive documents (spreadsheets, forms, bulk processes etc.) via a secure document exchange
- Use interactive, pre populated forms
- View your own members' pension details
- Access Forms, Guides, Newsletters, etc
- Maintain your organisation's contact details. It is important to keep these up-to-date as we use these details to contact you.

Scheme Member Support

We have a dedicated website for all scheme members at www.norfolkpensionfund.org. Here members have access to relevant information about the scheme and they can register to have access to their own pension details.

Annual Benefit Statements for active and deferred scheme members are available online by the end of August each year. We also post Annual Benefit Statements to home addresses during September/October each year.

Scheme members are always welcome to contact or visit us if they have any problems or queries. They should use our general enquiry line 01603 495923 or email pensions@norfolk.gov.uk.

Legal Background

The detailed rules of the LGPS are set out in three sets of legislation :

The LGPS (Benefits, Membership & Contributions) Regulations 2013.

These are known as 'the Benefits Regulations'.

The LGPS (Transitional) Regulations 2014.

These are known as 'the Transitional Regulations'.

The LGPS (Amendment) Regulations 2018.

These are known as 'the Amendment Regulations'

The LGPS is fully approved by the Inland Revenue.

Members' contributions qualify for full income tax relief on the 'net pay system'.

You need to make sure your payroll provider knows how to operate this.

The LGPS was contracted-out of the State Second Pension (S2P).

The Government's New State Pension from 6 April 2016 has brought an end to contracting out.

Your payroll provider needs to be aware of this.

If you administer your own payroll, you'll need to ask HM Revenue & Customs (HMRC) for the non-contracted-out National Insurance tables if you don't use them already.

The LGPS is a qualifying pension scheme under the automatic enrolment provisions of the Pensions Act 2008.

Our Pension Scheme Registry Number is **10079115**.

Further information about automatic enrolment is available on the LGPS website www.lgpsregs.org under LGPC administration resources > Guides and sample documents.

The Norfolk Pension Fund is compliant with the General Data Protection Regulation 26 May 2018.

Our Memorandum of Understanding sets out the relationship and expectations between all parties in relation to Data Protection Law. Our Pensions Administration Strategy details these requirements at an administrative level.

Our Privacy Notice, for members and beneficiaries of the Norfolk Pension Fund, sets out how personal data is held and used together with how members can protect their rights.

All three documents are available on our website.

What type of body?

The following pages are split into sections depending on what type of employer you would be in the scheme. You will only need to read the section relevant to you. To help you work out what type of employer you would be, please read the information below.

Scheduled Bodies - defined in the Local Government Pension Scheme Regulations 2013. They have an automatic right, and requirement, to be an employer in the LGPS covering their geographical area e.g. the Norfolk Pension Fund in Norfolk. Examples are County Councils, District Councils, Police Authorities and Academies. Refer to page 7

Designating Bodies - also listed in Local Government Pension Scheme Regulations 2013. They include Town and Parish Councils and entities under the control of Scheduled Bodies (this includes Local Authority Companies). Refer to page 14

Admission Bodies - Allows scheme members who are Transfer of Undertakings (TUPE) transferred from their Local Government employment to an external provider for the delivery of a contract for services, to remain in the LGPS for so long as they are employed in connection with the delivery of the outsourced contract. Refer to page 19

Scheduled Bodies (including Academies)

Scheduled bodies are defined in the Local Government Pension Scheme Regulations 2013. They have an automatic right, and requirement, to be an employer in the LGPS covering their geographical area e.g. the Norfolk Pension Fund in Norfolk.

Their employees have the right to join the scheme which, in most circumstances, cannot be limited by the employer. Scheduled Bodies do not need to complete an Admission Agreement, although it is still important new scheduled bodies promptly inform us of their creation. Examples are County Councils, District Councils, Police Authorities and Academies. (Further details on academy participation in the LGPS are provided below.)

Academies

Academy schools (including free schools) are Scheduled Bodies under the LGPS regulations.

This means the non-teaching employees of an Academy have the right to join the scheme, or remain in it following conversion from a maintained school.

On conversion, an Academy will become a stand-alone employer in the Fund, with an individual funding position.

When a maintained school converts to Academy status, existing staff who are already members of the LGPS will not have their pension benefits impacted by the conversion. Their membership of the LGPS will continue unaffected through the continuing participation of their new Academy employer in the LGPS.

After conversion, non-teaching staff not in the scheme will be eligible to join the LGPS. They will be automatically enrolled in the scheme when employed, but do have the option to opt out.

As an academy it is important to ensure you understand which data handling responsibilities are being transferred to you from the Local Authority and there are no gaps. In particular if you outsource your payroll you need to consider how your pension administration duties with respect to the LGPS will be delegated.

Costs

Admission costs

For all admissions to the fund, where there is an admission agreement to be drawn up, there is a standard minimum administration and legal cost fee.

In some circumstances, the Norfolk Pension Fund may require its actuary to calculate an employer's contribution rate on joining, for which there will be a cost. There may be other costs on admission, depending on the type of employer and any agreements made.

Scheduled Bodies (including Academies) continued

Pension Liabilities

Some of the factors affecting your pension liabilities will be within your control. These include factors such as:

- salary growth,
- early retirements,
- membership movements, and
- some transfers in.

However, others will be outside your control. These include:

- rates of investment return,
- member longevity,
- ill health retirements,
- pension increase, and
- regulatory changes.

Some of these costs will be covered through your future employer contribution rate, whilst others will require you to pay the cost up front.

Employer Contributions

The main cost will be your employer contributions. You should expect to pay a rate of somewhere between 16% and 20% of pay, although this could be higher or lower depending on your own circumstances.

FRS17 and IAS19 (Accounting Disclosures of Pension Obligations)

Many employers in the Fund including Academies, need to make disclosure in their accounts of pension obligations under the appropriate reporting standard (FRS17 or IAS19). If you are unsure of the requirements on your organisation you should seek guidance from your auditors.

Norfolk Pension Fund can, on request, arrange the relevant reporting from the Fund Actuary for incorporation into the accounts. This reporting includes a calculation of the charge in respect of pension for the year (this is usually different from the cash cost of contributions) and the position of any net surplus or deficit that must be included as an asset or, more frequently, a liability on the organisation's balance sheet.

It should be noted requirements of financial reporting standards tend to impart a higher valuation to the pension liabilities than that used by the Fund to calculate employer contributions on an ongoing basis. This means an employer fully funded on an ongoing funding basis may still show a deficit when measured under IAS19/FRS17.

Academies should consult the most recent guidance notes issued by the Department for Education (DfE) for more details.

Termination costs

If your membership of the Norfolk Pension Fund ends for whatever reason, an assessment will be conducted and, depending on the terms of your admission, you may be liable to make cessation payments to provide for your ongoing liabilities. Such costs could be very significant and would reflect the actuary undertaking a

Scheduled Bodies (including Academies) continued

more prudent assessment of liabilities than is the case for determining employer contributions or cost to be included in the accounts.

Other additional actuarial work

If you require the Norfolk Pension Fund to carry out any work involving the actuary, then charges incurred will be recharged to you.

Employer Duties

As an employer in the scheme you should have a clear structure and allocated responsibilities in place. These responsibilities may be best distributed amongst a number of people; however it is best practice for you to assess who in your organisation is best placed to have strategic oversight of the your participation in the LGPS. This person ought to be someone with an appropriate degree of pension literacy and is likely to come from your finance or HR department. There should be more than one person in your organisation that is familiar with the entirety of your obligations, in order to avoid facing 'key man risk' and for succession planning purposes.

Pensions Liaison Officer

On becoming an employer with the Norfolk Pension Fund, we need you to nominate a Pensions Liaison Officer (PLO). The PLO will be our main contact for dealing with day to day queries regarding your members and will be given access to our secure website.

To confirm your PLO, and any other pension contacts, we require our Employer Contact Details Form (MISC91) to be completed. Our internal control requirements mean we cannot make any changes via telephone or email.

Employer Contact Details Form – MISC91

It is important this form is completed and returned to us, even if you are using Norfolk County Council (NCC) Payroll Services.

If your payroll has been outsourced to a third party, the Norfolk Pension Fund cannot provide any information until their contact details have been confirmed by you.

Delayed completion of your Employer Contact Details form can stall the process of posting your monthly contribution remittance and the updating of your staff pension records.

If your PLO contact leaves or changes you can update your contact details on our employer website at <http://portal.norfolkpensionfund.org>. Further details can be found in our [Online Services Guide \(G050\)](#).

Employer Pensions Policy

Every new employer must produce an Employer's Pension Policy. This is a **legal** requirement and needs to be completed within 1 month of joining. For further information see our [Employer Pension Policy Guide \(G060\)](#).

Scheduled Bodies (including Academies) continued

If you are a convertor Academy and are becoming part of a Multi-Academy Trust, an Employer Pensions Policy may already be in place. As the employer, it is ultimately your responsibility to make sure you have an Employer Pensions Policy.

Member Forms

Please give each new scheme member our 'Welcome to the Norfolk Pension Fund' new employee pack, available from us, which includes:

- Membership Form (SR95). Please chase its return and forward to us once it has been completed.
- Transfer of Previous Non-LGPS Pension Rights Investigation Request Form (SR96)
- Expression of wish for payment of death grant (SR81)
- A scheme booklet.

If scheme members have joined under a TUPE arrangement from another employer within the Norfolk Pension Fund, please let the scheme members know their records will be automatically transferred to their new employers section of the Fund. There is no need to send them any pension forms.

Payroll Services

NCC Payroll Services

If you are using Norfolk County Council's Payroll Services, their payroll team will provide details of new starters and relevant changes to members' details. As the employer, you should ensure this happens as ultimately it is your responsibility to tell us about all such changes in a timely manner. (At the latest, within 10 working days)

Tax and National Insurance (NI)

The Government's New State Pension from 6 April 2016 has brought an end to contracting out. This means both employers (3.4%) and employees (1.4%) no longer receive a National Insurance rebate.

You don't need to tell the tax office about your organisation joining the LGPS, but you'll be asked to quote an ECON (employer's contracted-out number) and SCON (scheme contracted-out number) on their end-year returns. These are E3900002R and S2700160F respectively.

Employee and Employer Contributions

Employees' and employer's contributions should be paid over to the Norfolk Pension Fund monthly by BACS, or another electronic payment method.

Each payment must legally reach us by the date shown on the Monthly Contribution Remittance (SR71).

If you are using NCC payroll services, the Monthly Contribution Remittance spreadsheet (SR71) will be sent to the NCC payroll team to complete on your behalf.

If you are **not** using NCC payroll services, the Monthly Contribution Remittance spreadsheet (SR71) will be emailed to your PLO contact for your first year in the

Scheduled Bodies (including Academies) continued

LGPS. The SR71 for subsequent years will be loaded onto our secure website at <http://portal.norfolkpensionfund.org> for you to download and complete each month.

The employer's contribution rate is determined by the scheme actuary following a full assessment. In some cases a draft rate may be used prior to an assessment by the actuary to enable some payments to be made to the fund. Once a final rate is provided this should be backdated to the start of your participation in the Fund and any adjustments (overpayments/underpayments) made. The rates are reviewed by the actuary every three years, following the Triennial Actuarial Valuation of the Norfolk Pension Fund. It is in your interest to engage fully in this process so that your liabilities to the scheme are calculated using accurate information about your employees and reflects the cost of participation in the scheme. The majority of employers not pooled for funding purposes will pay a percentage employer rate and where a deficit exists, an additional monthly cash sum.

The employee contribution rate varies between 5.5% and 12.5%, depending on their actual pay level. The pay bands change each year. The latest version can always be found in our [Contributions Guide \(G020\)](#) available on our website. You will need to reassess employees' contribution rates each April, based on the updated bands (we will send you details each year).

The Monthly Contribution Remittance spreadsheet (SR71) will not be issued to any unauthorised third party. Again this means we must have received an appropriately authorised Employer Contact Details Form (MISC91).

Changing Payroll Providers

If you change your payroll provider, we must be informed as soon as possible.

Employer Forms

All employer forms can be found on our website. Please do not use old versions.

Monthly Contribution Remittance (SR71)

We will send you your monthly contribution remittance spreadsheet once you join the Norfolk Pension Fund and at the beginning of each financial year.

SR71s are 'personalised' for each employer with the details we need to allocate the payment efficiently within the pension fund.

Each payment must legally reach us by the date shown on the SR71.

If you are using NCC payroll services, we will send the Monthly Contributions Remittance spreadsheet (SR71) to the NCC payroll team to complete on your behalf.

Starters Transferee List (SR104) and Leavers Transferee List (SR105)

These forms are required if you are a new employer joining the Norfolk Pension Fund with members transferring from another employer already in the LGPS. This

Scheduled Bodies (including Academies) continued

could either be an employer within the Norfolk Pension Fund or potentially another LGPS Fund.

We use these forms to validate our data for members in the LGPS to ensure all members are accounted for, which also helps with the reconciliation for Year End, FRS17, IAS19 and quality of data requirements.

Notification of New Scheme Member (SR46)

This form is required for each member of staff joining the scheme. If a member has more than one job, complete a separate form for each job. Upload the Notification of New Scheme Member form (SR46) within 20 days of the employee joining the scheme. Do not delay completing this form if the new scheme member has automatically joined the scheme but not yet completed their joining forms. Remind the employee to complete the joining forms and upload as soon as you get them.

Year End Return

We will ask you to complete a detailed electronic Year End Return by 30 April for each financial year. The Year End process is a statutory requirement and the data provided is used to update individual scheme member pension accounts. So it is critical that this data is accurate and reconciles with the payments made on the SR71 Monthly Contribution Remittance. Errors could result in employers being allocated a higher contribution rate and your scheme member being provided artificial benefit projections. Guidance will be issued to your Pensions Liaison Officer and Contributions contact. Further information can be found in our **Year End Guide (G090)**.

Academies – Particular Considerations

The support grant from the Department for Education can be used to cover the Actuary's fees for assessing notional asset allocation and liabilities.

Outsourced payroll contracts should be managed by a SLA and the academy should ensure there are effective communication channels between the payroll provider and pension fund.

Multi Academy Trusts (MATs)

Legally the MAT is the scheme employer for all academies in the trust. It is acceptable practice for LGPS funds to treat each academy as a separate employer. Employer contributions may differ between academies because of different staff profiles.

MATs can try and pool contributions, they would need to agree internally how to spread the LGPS costs across individual school budgets.

Some MATs operate across different geographical areas and have pension arrangements with several LGPS funds. MATs can apply to the Secretary of State (SoS) for Department for Communities and Local Government (DCLG) to have all employees moved to a single fund. Implications should be discussed with each fund before approaching the SoS for DCLG. If going ahead the MAT would need to apply for a Direction to DCLG. They'll carry out a statutory consultation with interested parties which usually takes at least 2 months.

Email LGPSpensions@communities.gsi.gov.uk for further information. Exit payments should not be required.

Outsourcing services

If an Academy or MAT outsources particular services (e.g. catering or cleaning services) that involves transferring employment of individuals, the contract provider must offer access to the LGPS for those employees, under Fair Deal.

The academy or MAT must ensure the contractor has admitted body status, governed by an admission agreement, with the relevant fund.

The contractor is not bound to offer LGPS to new staff so a 'closed' agreement restricted to transferring staff only is usual practice.

A scheme employer outsourcing a function is known as the "letting authority". It should be remembered that if an admission agreement ends, any outstanding employer contributions required may revert to the letting authority.

Separate admission agreements are not needed for each academy part of a MAT if:

- The MAT is treated as the employer
- The contractor has one contract to provide services at several academies, and;
- All the academies are in one LGPS fund area.

Individual admission agreements can be costly

Designating Bodies (including Town & Parish Councils)

These were previously called Resolution Bodies and are also listed in Local Government Pension Scheme Regulations 2013. They include Town and Parish Councils and entities under the control of Scheduled Bodies (this includes Local Authority Companies).

Designated Bodies can 'designate' an employee, or a class of employees, as being eligible to join the LGPS. If an employee is covered by the employer's published admission policy or, where there is no admission policy, if their employer designates them as a member, they must be brought into the LGPS automatically. At any time a member may opt out of the scheme.

Resolution to Join

Membership of the LGPS is governed by the LGPS Regulations, which state any employee with a contract for three months or more may become pensionable at the employer's discretion.

An employee becomes pensionable if either the employer passes an individual resolution to that effect or if he or she falls within a class of employee the employer passes (or has previously passed) a resolution for.

However, membership of the LGPS is completely optional and employees don't have to join.

If your employer resolves to make any staff pensionable, please provide us with a copy of the resolution. We suggest you word this on the following lines:

"The **name of employer**** resolves under Regulation 3(1) of the Local Government Pension Scheme Regulations 2013 that *(name of employee for an individual resolution or class of employee for a standing resolution)* should be designated as being eligible for membership of the LGPS with effect from *(date)*."**

Once the resolution has been passed, please give each new scheme member a new employee pack and scheme booklet (available from the Norfolk Pension Fund). You should chase the return of the Membership Form (SR95). If the employee does not wish to join the scheme you should keep the form for your records. If the employee does wish to join the scheme, please arrange to deduct contributions and forward the Membership Form (SR95) and a completed Notification of New Scheme Member form (SR46) to us.

Costs

Pension Liabilities

Some of the factors affecting your pension liabilities will be within your control.

These include factors such as:

- salary growth,
- early retirements,
- membership movements, and
- some transfers in.

However, others will be outside your control. These include:

- rates of investment return,
- member longevity,
- ill health retirements,
- pension increase, and
- regulatory changes.

Some of these costs will be covered through your future employer contribution rate, whilst others will require you to pay the cost up front.

Employer Contributions

The main cost will be your employer contributions. The pooled employer contribution rate for Town and Parish Councils is currently 23.5% for 2021/22. This rate 'normally' increases by 0.5% each year.

For all other designating bodies, you should expect to pay a rate of somewhere between 16% and 20% of pay, although this could be higher or lower depending on your own circumstances.

FRS17 and IAS19 (Accounting Disclosures of Pension Obligations)

Many employers in the Fund need to make disclosure in their accounts of pension obligations under the appropriate reporting standard (FRS17 or IAS19). If you are unsure of the requirements on your organisation you should seek guidance from your auditors.

Norfolk Pension Fund can, on request, arrange the relevant reporting from the Fund Actuary for incorporation into the accounts. This reporting includes a calculation of the charge in respect of pension for the year (this is usually different from the cash cost of contributions) and the position of any net surplus or deficit that must be included as an asset or, more frequently, a liability on the organisation's balance sheet.

It should be noted requirements of financial reporting standards tend to impart a higher valuation to the pension liabilities than that used by the Fund to calculate employer contributions on an ongoing basis. This means an employer fully funded on an ongoing funding basis may still show a deficit when measured under IAS19/FRS17.

Designating Bodies (Town and Parish Councils) continued

Termination costs

If your membership of the Norfolk Pension Fund ends for whatever reason, an assessment will be conducted and, depending on the terms of your admission, you may be liable to make cessation payments to provide for your ongoing liabilities. Such costs could be very significant and would reflect the actuary undertaking a more prudent assessment of liabilities than is the case for determining employer contributions or cost to be included in the accounts.

Other additional actuarial work

If you require the Norfolk Pension Fund to carry out any work involving the actuary, then charges incurred will be recharged to you.

Employer Duties

As an employer in the scheme you should have a clear structure and allocated responsibilities in place. These responsibilities may be best distributed amongst a number of people; however it is best practice for you to assess who in your organisation is best placed to have strategic oversight of your participation in the LGPS. This person ought to be someone with an appropriate degree of pensions literacy and is likely to come from your finance or HR department. There should be more than one person in your organisation that is familiar with the entirety of your obligations, in order to avoid facing 'key man risk' and for succession planning purposes.

Pensions Liaison Officer

On becoming an employer with the Norfolk Pension Fund, we need you to nominate a Pensions Liaison Officer (PLO). The PLO will be our main contact for dealing with day to day queries regarding your members and will be given access to our secure website.

To confirm your PLO, and any other pension contacts, we require our Employer Contact Details Form (MISC91) to be completed. Our internal control requirements mean we cannot make any changes via telephone or email.

Employer Contact Details Form – MISC91

If your payroll has been outsourced to a third party, the Norfolk Pension Fund cannot provide any information until their contact details have been confirmed by you.

Delayed completion of your Employer Contact Details form can stall the process of posting your monthly contribution remittance and the updating of your staff pension records.

If your PLO contact leaves or changes you can update your contact details on our employer website at <http://portal.norfolkpensionfund.org>. Further details can be found in our [Online Services Guide \(G050\)](#).

Employer Pensions Policy

Every new employer must produce an Employer's Pension Policy. This is a **legal** requirement and needs to be completed within 1 month of joining. For further information see our [Employer Pension Policy Guide \(G060\)](#).

Designating Bodies (Town and Parish Councils) continued

Member Forms

Please give each new scheme member our 'Welcome to the Norfolk Pension Fund' new employee pack, available from us, which includes:

- Membership Form (SR95). Please chase its return and forward to us once it has been completed.
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- Expression of wish for payment of death grant (SR81)
- A scheme booklet.

Payroll Services

Tax and National Insurance (NI)

The Government's New State Pension from 6 April 2016 has brought an end to contracting out. This means both employers (3.4%) and employees (1.4%) no longer receive a National Insurance rebate.

National Insurance contributions for LGPS members under state retirement age should be collected under NI Table A (not D) except for the few remaining females paying the 'married women's reduced rate' National Insurance, who come under Table E. This would only apply to members earning enough to pay NI.

You don't need to tell the tax office about your organisation joining the LGPS, but you'll be asked to quote an ECON (employer's contracted-out number) and SCON (scheme contracted-out number) on their end-year returns. These are E3900002R and S2700160F respectively.

Employee and Employer Contributions

Employees' and employer's contributions should be paid over to the Norfolk Pension Fund monthly by BACS, or another electronic payment method.

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The employer's contribution rate is determined by the scheme actuary following a full assessment. In some cases a draft rate may be used prior to an assessment by the Actuary to enable some payments to be made to the Fund. Once a final rate is provided this should be backdated to the start of your participation in the Fund any adjustments (underpayments / overpayments) made. The rates are reviewed by the actuary every three years, following the Triennial Actuarial Valuation of the Norfolk Pension Fund. It is in your interest to engage fully in this process so your liabilities to the scheme are calculated using accurate information about your employees and reflects the cost of participation in the scheme. The majority of employers not pooled

Designating Bodies (Town and Parish Councils) continued

for funding purposes will pay a percentage employer rate and where a deficit exists, an additional monthly cash sum.

The employee contribution rate varies between 5.5% and 12.5%, depending on their actual pay level. The pay bands change each year. The latest version can always be found in our [Contributions Guide \(G020\)](#) available on our website. You will need to reassess employees' contribution rates each April, based on the updated bands (we will send you details each year).

The Monthly Contribution Remittance spreadsheet (SR71) will not be issued to any unauthorised third party. Again this means we must have received an appropriately authorised Employer Contact Details Form (MISC91).

Changing Payroll Providers

If you change your payroll provider, we must be informed as soon as possible

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This form is required for each member of staff joining the scheme. If a member has more than one job, complete a separate form for each job. Upload the Notification of New Scheme Member form (SR46) within 20 days of the employee joining the scheme. Do not delay completing this form if the new scheme member has automatically joined the scheme but not yet completed their joining forms. Remind the employee to complete the joining forms and upload them in as soon as you get them.

Year End Return

We will ask you to complete a detailed electronic Year End Return by 30 April for each financial year. The Year End process is a statutory requirement and the data provided is used to update individual scheme member pension accounts. So it is critical that this data is accurate and reconciles with the payments made on the SR71 Monthly Contribution Remittance. Errors could result in employers being allocated a higher contribution rate and your scheme members being provided artificial benefit projections. Guidance will be issued to your Pensions Liaison Officer and Contributions contact. Further information can be found in our **Year End Guide (G090)**.

Admission Bodies

If an employer becomes an Admitted Body it allows scheme members who are Transfer of Undertakings (TUPE) transferred from their Local Government employment to an external provider for the delivery of a contract for services, to remain in the LGPS for so long as they are employed in connection with the delivery of the outsourced contract. Other staff employed by the external provider, who work in connection with the delivery of the outsourced service, may also be allowed to join the LGPS if the Admission Agreement permits. If new staff are permitted to join this is referred to as an open admission, otherwise the admission is considered closed to new members.

An Admission Agreement arising in respect of a contract for services is referred to as a 'Transferee Admission Agreement' (TAA). These agreements discharge certain obligations of the body letting the contract to provide a contractual protection for certain aspects of the transferring employees' pension provision. It is important any employer involved in an outsourcing arrangement fully understands its legal obligations arising from an Admission Agreement.

Less usual is a form of Admission Agreement known as a Community Admission Agreement (CAA). This may arise on a transfer which does not involve a contract for service and is usually permanent in nature. Transfers of this nature must be guaranteed by a body with tax raising powers.

If you are considering applying for Admitted Body status, please complete our Member Data Request form (SR93) to confirm the initial number of members involved in the transfer. This will enable our actuary to produce the employer's contribution rate, the initial allocation of assets and liabilities and the calculation of the bond requirement for consideration. New employers should allow for the cost of actuarial calculation and associated legal work when considering admission. We can provide guidance on these costs on request.

When the Admission Agreement is complete we will need confirmation of the scheme members involved on our Starters Transferee List (SR104).

If the TUPE is between two employers within the Norfolk Pension Fund, the scheme member's records will be automatically transferred to the new employer's scheme records within the Fund. There is no need to send them any pension forms.

If members have been transferred from another pension fund, we will also require a Notification of New Scheme Member form (SR46) or the bulk starter spreadsheet to be completed for each member.

Admission Bodies continued

Costs

Admission costs

For all admissions to the fund, where there is an admission agreement to be drawn up, there is a standard minimum administration and legal cost fee.

The Norfolk Pension Fund will usually require an actuary to calculate an employer's contribution rate on joining, for which there will be a cost. There may be other costs on admission, depending on the type of employer and the agreements made as part of any admission agreement.

Pension Liabilities

Some of the factors affecting your pension liabilities will be within your control. These include factors such as:

- salary growth,
- early retirements,
- membership movements, and
- some transfers in.

However, others will be outside your control. These include:

- rates of investment return,
- member longevity,
- ill health retirements,
- pension increase, and
- regulatory changes.

Some of these costs will be covered through your future employer contribution rate, whilst others will require you to pay the cost up front.

Employer Contributions

The main cost will be your employer contributions. You should expect to pay a rate of somewhere between 16% and 20% of pay, although this could be higher or lower depending on your own circumstances.

FRS17 and IAS19 (Accounting Disclosures of Pension Obligations)

Many employers in the Fund need to make disclosure in their accounts of pension obligations under the appropriate reporting standard (FRS17 or IAS19). If you are unsure of the requirements on your organisation you should seek guidance from your auditors.

Norfolk Pension Fund can, on request, arrange the relevant reporting from the Fund Actuary for incorporation into the accounts. This reporting includes a calculation of the charge in respect of pension for the year (this is usually different from the cash cost of contributions) and the position of any net surplus or deficit that must be included as an asset or, more frequently, a liability on the organisation's balance sheet.

It should be noted requirements of financial reporting standards tend to impart a higher valuation to the pension liabilities than that used by the Fund to calculate employer contributions on an ongoing basis. This means an employer fully funded

Admission Bodies continued

on an ongoing funding basis may still show a deficit when measured under IAS19/FRS17.

Termination costs

If your membership of the Norfolk Pension Fund ends for whatever reason, an assessment will be conducted and, depending on the terms of your admission, you may be liable to make cessation payments to provide for your ongoing liabilities. Such costs could be very significant and would reflect the actuary undertaking a more prudent assessment of liabilities than is the case for determining employer contributions or cost to be included in the accounts.

Other additional actuarial work

If you require the Norfolk Pension Fund to carry out any work involving the actuary, then charges incurred will be recharged to you.

Employer Duties

As an employer in the scheme you should have a clear structure and allocated responsibilities in place. These responsibilities may be best distributed amongst a number of people; however it is best practice for you to assess who in your organisation is best placed to have strategic oversight of the your participation in the LGPS. This person ought to be someone with an appropriate degree of pensions literacy and is likely to come from your finance or HR department. There should be more than one person in your organisation that is familiar with the entirety of your obligations, in order to avoid facing 'key man risk' and for succession planning purposes.

Pensions Liaison Officer

On becoming an employer with the Norfolk Pension Fund, we need you to nominate a Pensions Liaison Officer (PLO). The PLO will be our main contact for dealing with day to day queries regarding your members and will be given access to our secure website.

To confirm your PLO, and any other pension contacts, we require our Employer Contact Details Form (MISC91) to be completed. Our internal control requirements mean we cannot make any changes via telephone or email.

Employer Contact Details Form – MISC91

If your payroll has been outsourced to a third party, the Norfolk Pension Fund cannot provide any information until their contact details have been confirmed by you.

Delayed completion of your Employer Contact Details form can stall the process of posting your monthly contribution remittance and the updating of your staff pension records.

If your PLO contact leaves or changes you can update your contact details on our employer website at <http://portal.norfolkpensionfund.org>. Further details can be found in our [Online Services Guide \(G050\)](#).

Admission Bodies continued

Employer Pensions Policy

Every new employer must produce an Employer's Pension Policy. This is a **legal** requirement and needs to be completed within 1 month of joining. For further information see our [Employer Pension Policy Guide \(G060\)](#).

Member Forms

If scheme members have joined under a TUPE arrangement from another employer within the Norfolk Pension Fund, please let the scheme members know their records will be automatically transferred to their new employers section of the Fund. There is no need to send them any pension forms.

Please give each new scheme member our 'Welcome to the Norfolk Pension Fund' new employee pack, available from us, which includes:

- Membership Form (SR95). Please chase its return and forward to us once it has been completed.
- Transfer of Previous Non-LGPS Pension Rights Investigation Request Form (SR96)
- Expression of wish for payment of death grant (SR81)
- A scheme booklet.

Payroll Services

Tax and National Insurance (NI)

The Government's New State Pension from 6 April 2016 has brought an end to contracting out. This means both employers (3.4%) and employees (1.4%) no longer receive a National Insurance rebate.

The contracted-out National Insurance tables no longer apply from 6 April 2016. National Insurance contributions for LGPS members under state retirement age should be collected under NI Table A (not D) except for the few remaining females paying the 'married women's reduced rate' National Insurance, who come under Table E. This would only apply to members earning enough to pay NI.

You don't need to tell the tax office about your organisation joining the LGPS, but you'll be asked to quote an ECON (employer's contracted-out number) and SCON (scheme contracted-out number) on their end-year returns. These are E3900002R and S2700160F respectively.

Employee and Employer Contributions

Employees' and employer's contributions should be paid over to the Norfolk Pension Fund monthly by BACS, or another electronic payment method.

Each payment must legally reach us by the date shown on the Monthly Contribution Remittance (SR71).

The Monthly Contribution Remittance spreadsheet (SR71) will be emailed to your PLO contact for your first year in the LGPS. The SR71 for subsequent years will be

Admission Bodies continued

loaded onto our secure website at <http://portal.norfolkpensionfund.org> for you to download and complete each month.

The employer's contribution rate is determined by the scheme actuary following a full assessment. In some cases a draft rate may be used prior to an assessment by the scheme actuary to enable some payments to be made to the Fund. Once a final rate is provided this should be backdated to the start of your participation in the Fund and any adjustments (underpayments / overpayments) made. The rates are reviewed by the actuary every three years, following the Triennial Actuarial Valuation of the Norfolk Pension Fund. It is in your interest to engage fully in this process so that your liabilities to the scheme are calculated using accurate information about your employees and reflects the cost of participation in the scheme. The majority of employers not pooled for funding purposes will pay a percentage employer rate and where a deficit exists, an additional monthly cash sum.

The employee contribution rate varies between 5.5% and 12.5%, depending on their actual pay level. The pay bands change each year. The latest version can always be found in our [Contributions Guide \(G020\)](#) available on our website. You will need to reassess employees' contribution rates each April, based on the updated bands (we will send you details each year).

The Monthly Contribution Remittance spreadsheet (SR71) will not be issued to any unauthorised third party. Again this means we must have received an appropriately authorised Employer Contact Details Form (MISC91).

Changing Payroll Providers

If you change your payroll provider, we must be informed as soon as possible.

Employer Forms

All employer forms can be found on our website. Please do not use old versions.

Monthly Contribution Remittance (SR71)

We will send you your monthly contribution remittance spreadsheet once you join the Norfolk Pension Fund and at the beginning of each financial year.

SR71s are 'personalised' for each employer with the details we need to allocate the payment efficiently within the pension fund.

Each payment must legally reach us by the date shown on the SR71.

If you are using NCC payroll services, we will send the Monthly Contributions Remittance spreadsheet (SR71) to the NCC payroll team to complete on your behalf.

Starters Transferee List (SR104) and Leavers Transferee List (SR105)

These forms are required if you are a new employer joining the Norfolk Pension Fund with members transferring from another employer already in the LGPS. This

Admission Bodies continued

could either be an employer within the Norfolk Pension Fund or potentially another LGPS Fund.

We use these forms to validate our data for members in the LGPS to ensure all members are accounted for, which also helps with the reconciliation for Year End, FRS17 IAS19 and quality of data requirements.

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**Postal Address:
Norfolk Pension Fund
County Hall
Martineau Lane
NORWICH
NR1 2DH**

www.norfolkpensionfund.org

Pensions Administration

Enquiries: 01603 495923

Email: pensions@norfolk.gov.uk

**Website, Technical and Employer-specific
Queries**

Enquiries: 01603 222132

Email: pensions.technical@norfolk.gov.uk

**If you want to discuss anything covered in this Guide,
please email pensions.technical@norfolk.gov.uk and we
can arrange a virtual meeting to cover your needs.**

**If you would like this guide in large print, audio, Braille, alternative format or in
a different language, please contact us on 01603 222824
(minicom 01603 223833).**