



An update for Employers in the Local Government Pension Scheme (LGPS)

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We are pleased to publish the latest edition of our *Employers' Newsletter*; keeping you informed of your responsibilities as a Local Government Pension Scheme (LGPS) employer. Inside you'll also find the latest developments in the LGPS and any changes in the services we offer.



Providing our customers with a better tomorrow

Changed Payroll Provider? Let us Know!

A reminder that all employers must tell us if they move payroll providers.

This will allow us to work better with you and your new payroll to collect the necessary contributions and member information.

Please let us know via an email to:

pensions.communications@surreycc.gov.uk



Guidance on Starter & Leaver Forms



When they should & shouldn't be sent

New Starter Datafile

You, as the employer, **should** complete & send us the New Starter Datafile:

- By the 15th month following the month the member joins the scheme (ie. If the member joins in Feb, sent by March 15th).
 - 19th if you submit your new starter information via iConnect
- Please remember, the employer must decide if the member is eligible for the LGPS.

You **should not** send us the New Starter Datafile if:

- An existing member changes the number of hours they work, or any of their personal details such as their Surname.
- If the member doesn't pay contributions for a period of absence such as through maternity leave.
 - In these cases Surrey Pension Fund **MUST** be notified of the relevant information using i-Connect via the monthly return facility, or by completing the Change of Details spreadsheet.

Retirement Datafile

You, as the employer, **should** complete & send us the Retirement Datafile:

- For Ill Heath Retirement at any age.
- Death in Service at any age.
- To advise that a member is leaving from age 55 or over and is either:
 - voluntarily taking their retirement benefits
 - retiring due to flexible retirement
 - retiring due to redundancy or efficiency
 - age 75 (member must leave the scheme 2 days before age 75.)

You **should not** send us the Retirement Datafile if:

- If the member has previously opted out and their pension record is deferred.
 - In this case we would need to be informed by the employer (or payroll) when the member has left the employment under which they accrued the benefit.

A reminder that from 1 July 2022, we will only accept the Retirement Datafile and will no longer accept LG4 Forms.

All our forms are available on our Employer Website at www.employers.surreypensionfund.org.uk/forms-and-publications

If you need any help in completing any of our forms please email myhelpdeskpensions@surreycc.gov.uk or by calling **0300 200 1031**.



Responsible Investment Policy

An update

Everyone is now much more aware of sustainability and looking after the planet and its inhabitants. One of the ways we can all make a difference is through the way we invest our savings. To this end, the Surrey Pension Fund has been developing how it incorporates Environmental, Social and Governance (ESG) factors into its decision making and investments.

Ahead of many others in the industry, the Fund has worked to understand how its investments might impact on the delivery of the United Nations Sustainable Development Goals (SDGs). This approach is on-going and is being further enhanced by the development of a Responsible Investment (RI) Policy to explicitly express the Fund's position.

In essence, the Fund believes that investments made on behalf of scheme members should be sustainable through the fundamental identification and integration of ESG factors into the investment selection, monitoring and deselection process.

The Fund has a duty to act in the best long-term interests of scheme members to achieve the best possible financial returns with an appropriate level of risk and recognises that Responsible Investment considerations increasingly reflect real financial risks and should be included in the investment decision-making process.

Our updated Responsible Investment Policy is now approved, subject to consultation.

We'll continue to keep both our employers and members updated as everything progresses - so watch this space.

Shared Costs AVCs - Salary Sacrifice

Shared Cost AVCs (SCAVCs) are a salary sacrifice arrangement which have been available since 1 April 2008.

If the employee's earnings are over the Lower Earnings Limit, and they participate in a SCAVCs, then they can lawfully avoid Income Tax and National Insurance contributions on the earnings sacrificed.

The employer can lawfully avoid National Insurance contributions on the SCAVC.

How SCAVCS Work

The employer must have a policy allowing shared cost AVCs under Regulation 17 of the

LGPS Regulations 2013. The member must be issued with a new contract of employment stating the pensionable value of their SCAVCs.

The employer may stipulate a minimum contribution or variation in contribution in view of the cost of issuing a new contract.

We will need a copy of your amended discretions policy, and a list of members who will be in the new SCAVC scheme (and also if this is in addition or replacing any AVC scheme the member is currently in).

For further details, please refer to: [Salary Sacrifice SCAVCs and the LGPS.](#)



What is 'The Valuation'?

And what does it mean for me as an employer?

If you are one of the over 300 employers participating in Surrey Pension Fund, you're probably wondering what the 31 March 2022 LGPS triennial valuation will mean for you and what you can do to prepare for your results.

What is the valuation & why does it take place?

Within the Local Government Pension Scheme (LGPS), there is a statutory requirement for a valuation of the pension fund to be carried out every 3 years. This year's valuation will be carried out by Fund's actuary Hymans Robertson. The actuarial valuation will provide employers with a snapshot of their assets and liabilities as at 31 March 2022.

The actuarial valuation is a lengthy process, and the outcome will conclude by 31 March 2023, with revised employers' contribution rates coming into effect from 1 April 2023.

What is the Funding Strategy Statement (FSS) & how can I get my views heard?

Once the individual valuation results are shared with employers. The Fund will also share the draft Funding Strategy Statement (FSS), which will set out the underlying assumptions and principles that are to be used when valuing the Fund's liabilities and setting contribution rates.

The Fund will hold a formal consultation on changes to its funding approach proposed in the draft FSS. The Fund would encourage all employers to engage in the consultation and respond in order for the consultation to be meaningful.

Will the current financial markets impact the actuarial valuation?

Given the current economic climate with conflict in Ukraine, inflationary pressures and oil price shocks, the financial market remains volatile.

Therefore, it is difficult to predict the outcome for any individual employers in the Fund precisely.

However, in general financial markets have improved since the last LGPS valuation was carried out on 31 March 2019. Nonetheless, improved funding may not correlate to reduction in your contribution rates.

How will the Fund engage with employers?

The Fund will continue to communicate with employers throughout this year. You can find more information [here](#).

What can we do to prepare for our results?

The results of the LGPS triennial valuations are expected in Autumn 2022 and new contributions will come into force from April 2023. In anticipation of this, you should:

- Raise awareness with your Boards that contributions could change from April 2023.
- Advise the Fund if there have been any significant changes within your organisation.
- If you are not an employer who is obliged to participate in the LGPS, and allowing your staff to build up pension benefits in the LGPS is unsustainable due to increases in costs or for other reasons, then recently formalised "Deferred Debt Arrangements" (DDAs) can allow employers to stop building up new benefits without triggering large one-off exit payments when the last member leaves. DDAs will usually require financial security and you should get in touch with the Funding team if you would like to discuss this option further.



Upcoming Employer Meetings

28 July 2022 & 27 October 2022

We are happy to announce the dates of our next two Employer Meetings.

Our Employer Meetings are an opportunity to keep employers informed of the upcoming changes in the LGPS and the work that the Surrey Pension Team are currently doing .

They also include an update from the administration team on the performance of the Surrey Pension Team.

The meetings provide a great platform for Employers to ask questions and raise queries.

The meetings are held quarterly with the next meetings at:

- 28 July 2022 at 10am
- 27 October 2022 at 10am

If you would like to attend, please email pensions.communications@surreycc.gov.uk



Special Severance Payments

New guidance update

Statutory Guidance was published on 12 May 2022 regarding the Special Severance Payments made by Best Value authorities in England (a list of the bodies this applies to can be found at the end of the guidance).

The guidance sets out how employers should approach special severance payments and the various payments that are likely to constitute as special severance payment, together with the approval, disclosure and reporting requirements.

Please note, pension strain costs as a result of flexible/redundancy/business efficiency **do not** constitute as a special severance payment.

However, pension strain costs relating to a discretion to waive early retirement reductions or award additional pension **could** be a special severance payment.

Accounting Webinar

For those who could not attend the Accounting Snapshot Training Course on 24 April 2022, Hymans have released a recording of the session. You can [view the recording here](#).

The Accounting Snapshot covered:

- The IAS19/ FRS102 Forms
- The accounting process
- The accounting portal
- Assumptions
- Disclosures
- Common audit queries

Please contact us at pensions.communications@surreycc.gov.uk if you would like access to the slides.

HYMANS  ROBERTSON

Hymans Training

Thank you for everyone who attended our second round of training courses during June. **If you were unable to attend**, please contact us and we can provide you with the relevant slides.

We hope to offer more training courses going forwards. In the meantime, we are constantly updating our Employer website (www.employers.surreypensionfund.org.uk) with information, so don't forget to check back regularly.



Our New Address

Please make note of our new postal address below. Please use this address when sending us any letters or physical forms.

Any employers sending us pension contribution forms with cheques, these remittance still need to be sent to the Dakota address listed on your contributions form.

New Pension Age Reminder

The government have decided to increase the Normal Minimal Pension Age (NMPA) from 55 to 57.

Though this change won't come into action until 6 April 2028, it is something to keep in mind for the future.

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Our Contact Details

 0300 200 1031

 Surrey Pension Team
PO Box 465
Reigate, RH2 2HA

View your pension online:
mypension.surreycc.gov.uk

Problem accessing our portal?

 0300 200 1034