

Essex Pension Fund
PO Box 11
County Hall
Chelmsford
Essex
CM1 1LX



Robin Dixon
Parish Councillor
Terling & Fairstead Parish Council

Our Ref: pen/t&pc/drt
Date: 3 March 2016

Dear Robin

**LOCAL GOVERNMENT PENSION SCHEME REGULATIONS
Employees of Resolution/Designation Bodies**

I refer to your enquiry regarding admission of your employees to the Essex Pension Fund and have pleasure in detailing below information, which I trust will prove helpful to you when considering the matter further.

Please ensure that you read section 2 carefully so that you understand the ongoing financial commitment the council will be making if it were to resolve admit staff to the Local Government Pension Scheme (LGPS).

1. Eligibility

- 1.1 I can confirm that nominated employees of a town or parish council can be admitted to the LGPS, provided they have not attained age 75.
- 1.2 To achieve this, your council would need to pass a resolution specifying which employee(s), either by name or type, are to become pensionable. You must give 7 days' notice of your intention to pass such a resolution, usually by public display on the council notice board, eg. In order to pass a resolution at a 28th May meeting you must have given notice of your intention by 21st May.
- 1.3 A suggested format for the notice is as follows: -

"As required by legislation, notice is hereby given that will be admitted to membership of the Local Government Pension Scheme operated by Essex County Council, following the necessary 7 days public notice. This item will be included in the Agenda of the meeting of the Parish/Town Council on"

It is vital that the resolution and public notice are clear as to who it will apply to and whether it will continue to apply to future staff, eg. if you said "John Smith"
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or “the Clerk” the resolution would only apply to John Smith or the current Clerk respectively. If you wanted the resolution to also apply to future Clerks then you should say “the post of Clerk”.

- 1.4 Once passed, details of the resolution should be sent to me in the form of;
- A copy of the public notice
 - A signed copy of the meeting minutes at which the resolution was passed
 - Completed form TPC1

Further information about the scheme can be found on our website at: www.essexpensionfund.co.uk or the national LGPS website at www.lgps2014.org.

2. Financial Implications

- 2.1 Employees’ contributions are between 5.5% and 12.5% of pensionable pay but after allowance for tax relief and reduced "contracted out" National Insurance contributions the net cost is likely to be considerably less
Note1: Contracting-out ceases w.e.f. 6 April 2016!
Note2: for employees whose level of earnings is insufficient to make them liable to pay tax or full contracted NI contributions, these savings will not apply)
- 2.2 Your council will pay the Town and Parish Councils employer contribution rate which has been set at 15.1% of pensionable pay for 2014/15, 15.9% for 2015/16 and 16.7% 2016/17. All pension funds must be valued every 3 years to ensure future income will match future expenditure and the Essex Pension Fund was last valued as at 31 March 2013.
- 2.3 Town and Parish Councils are grouped within the Essex Pension Fund which means that their notional assets and liabilities are pooled together so that they share a common employers’ contribution rate. It also means that they share responsibility for any deficit arising based on the respective size of their pensionable payrolls. The amount of deficit is calculated every 3 years by the Fund’s actuary as part of the triennial valuation.
- 2.4 In circumstances where the last active member leaves the pension fund, arrangements will be made in line with the LGPS regulations, which may require further payments to the Fund.
- 2.5 If your council decides to retire an employee in the LGPS early, due to redundancy or “interests of efficiency” it will have to pay an additional capital sum into the pension fund to cover the ‘strain’ on the pension fund of the benefits being paid out early. As this could be substantial, if such a situation arises it would be advisable to ask us for an estimate of the costs involved before any decisions are taken.

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- 2.6 As well as employer contributions to the Essex Pension Fund there is an administration charge payable of 8% of the first £10,000 p.a. of employee's basic contributions and 5% on contributions above that level (this equates to less than 0.5% of pensionable pay).
- 2.7 If your council does pass a resolution to admit any of its staff, I will arrange for a supply of standard forms and monthly spreadsheets to be sent to you. These will include those necessary to provide us with details of each person entering the scheme and to use when remitting contributions and the administration charge to County Hall, at monthly intervals. Please note that the County Council is empowered to charge interest on late remittances, at 1% above Clearing Bank Base Rates plus a penalty fee.

3. Main Features of the Scheme

	LGPS 2014
MEMBER CONTRIBUTIONS	9 different contribution bands between 5.5% and 12.5% depending on level of pensionable pay
NORMAL RETIREMENT AGE	State Pension Age (SPA)
VOLUNTARY RETIREMENT	From age 55 (with actuarial reductions)
PENSION <i>for each year of membership</i>	1/49 x pensionable pay for year
TAX-FREE LUMP SUM	Option to convert up to 25% of pension to provide tax-free lump sum at rate of £12 for each £1 of pension given up
ILL HEALTH RETIREMENT	Immediate payment of benefits with additional pension awarded in certain circumstances
DEATH IN SERVICE	Lump sum: 3 year's pensionable pay Spouse's pension: 1/160 th x pay for each year of membership + pensions for dependent children
DEATH AFTER RETIREMENT	Spouse's pension: 1/160 th x final pay for each year of membership Death grant: balance of 10 years pension
PENSIONS INCREASE	Full Consumer Prices Indexation (CPI)

More details of the LGPS2014 scheme can be found on the dedicated national [LGPS 2014 website](#).

4. Further Points

- 4.1 Provided the qualification conditions are satisfied any nominated employee can be brought into the scheme but only if they are covered by a valid resolution by the town or parish council.
- 4.2 The Local Government Pension Scheme Regulations allow employers a number of discretions which, if exercised, impose a cost in addition to those detailed in Section 2 above. Each employer in the Essex Pension Fund is required to publish a policy statement in relation to those discretionary powers and you will be provided with details if you decide to bring staff into the scheme.

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- 4.3 As the Local Government Pension Scheme is "exempt approved" under HM Revenue & Customs rules for retirement benefit schemes, tax tables should be operated after the pension deduction has been made, thereby giving full automatic tax relief to those employees who pay tax.
- 4.4 Pay for pension purposes is defined as all the salary, wages, fees and other payments paid to a scheme member for his own use in respect of his employment; and any other payment or benefit specified in his contract of employment as being a pensionable emolument. It now, w.e.f. 1 April 2014, includes payments for non-contractual overtime. But it does not include any allowances paid to cover travelling or subsistence or other expenses incurred by the employee.
- 4.5 The Local Government Pension Scheme is currently contracted out of the State Second Pension (S2P) arrangements and consequently National Insurance contributions are payable at the contracted out rate. In connection with this you will need to note the following references: -

(1) Employer's contracted out number (ECON) - E3900002R

(2) Scheme contracted out number (SCON) - S2700149X

as these will be required by HM Revenue & Customs.

NB. As mentioned above, Contracting-out ceases w.e.f. 6 April 2016 and the LGPS will, therefore, no longer be a contracted-out scheme from that date.

I look forward to being given the opportunity to provide a quality pensions service to you and your staff, should your Council decide to admit its staff to the LGPS, but should you require any further information or help please do not hesitate to contact me.

Yours sincerely

David R Tucker

David Tucker
Employer Liaison Manager

Telephone: 033301 38493

Website: essexpensionfund.co.uk



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TOWN & PARISH COUNCILS

Resolution to bring staff into the Local Government Pension Scheme (LGPS)

DETAILS OF TOWN OR PARISH COUNCIL			
Name of Town or Parish Council			
Contact Details for Clerk to the Council			
Name			
Phone		E-mail	
Address			

The Council has passed a resolution to admit staff to the LGPS as follows:

Date notice of resolution given			
Wording of Resolution (I have attached a signed extract from the minutes of the meeting at which the resolution was passed)			
Date resolution was passed			

As a result of the resolution, the following staff will be joining the LGPS:

Name		Date of joining	
Name		Date of joining	
Name		Date of joining	
Name		Date of joining	

SIGNATURE OF CLERK			
Signed		Date	

SIGNATURE OF CHAIRMAN			
Signed		Date	



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WINNER
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2013

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