



EMPLOYER BRIEFING

JULY 2021

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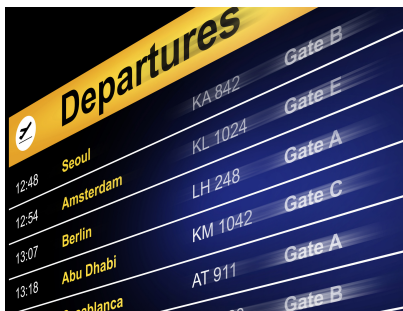
SPOTLIGHT

KEY POINTS THIS MONTH



SERVICE PROVISION

Please be aware there are ongoing issues with Prudential that is impacting members with AVCs. The Fund is also experiencing higher than usual workloads which is affecting some administration processes.



EXITING THE FUND

New regulations are planned for the summer that will allow administering authorities to apply a more flexible approach to employers exiting the Fund.



ANNUAL REPORT

The Fund's Unaudited Annual Report and Accounts 2020/21 is now available to view. Despite a turbulent year, the report demonstrates the Fund's strong financial performance.

Service Provision

Prudential AVCs

Prudential have issued a letter to all LGPS Funds to apologise for the significant delays that Funds and their members are facing as a result of service delivery problems they are dealing with in relation to the pandemic and system changes. Prudential have assured us that they are working through a service recovery plan and have made significant improvements to service levels.

All of the Scottish Funds are monitoring this carefully as this has impacted on the ability to process benefits in a timely manner where members have AVC's. If anyone has any concerns around the effect on their employees or on the provision of their monthly data to Prudential please let us know at employer@nespf.org.uk

NESPF Workload

The benefits team are currently experiencing a high volume of work including active retirements and estimate requests. As a result of the pandemic and homeworking the time taken to complete these tasks has increased which has added to this and has meant that a backlog of outstanding work is building up. Delays are inevitable however, the team are attempting to tackle this by taking on overtime and prioritising retirements and deaths to ensure that payments are not delayed.

Please let us know if you have concerns around this, individual member benefits or have any planned large exercises (VS or redundancy) coming up.





McCloud Update

The McCloud judgement will result in significant additional workload for the Fund however the full extent of just how much is still unknown. Final regulations are expected in April 2022 coming into force from April 2023.

We have received programs from our supplier to identify members in scope, work will commence on analysing the output later in the year. If there is no change to protection date contained in draft regulation's we have 17,500 members in scope with 7,500 potential recalculations.

Because of our requirement for employers to continue to provide changes of hours after the introduction of the CARE scheme we are confident that the data we hold for majority of scheme members will allow us to recalculate benefits as required by the new regulations.

We will request from employers any missing data identified so we are ready to recalculate benefits when we take delivery of new and amended calculation routines from our system provider in 2022.

Flexibilities upon Fund Exit

New regulations are planned for the summer that will allow administering authorities to apply a more flexible approach to employers exiting the Fund. It is widely agreed that the inclusion of suspension notices within the Scottish LGPS regulations was welcomed but that they do not offer enough flexibility for employers looking to exit from the scheme over the longer term.

As a result the Scottish government are looking to adopt regulations similar to the England and Wales Scheme which allows employers to enter into a deferred debt arrangement which can be applied over several valuation periods and has a longer term approach to termination/exit whilst still protecting the interests of the remaining participating employers and the tax payer. Full consultation on these suggested changes will be over the next few months and are likely to be well received by administrators and employers equally.

i-Connect: New Functionality

The team at i-Connect are dedicated to continued development of the portal to ensure that the system can meet the ongoing needs of the LGPS Funds and their employers.

The latest development which will be available in the release at the end of June/beginning of July is member document submission that will allow employers to upload documentation such as retiral and leaver forms securely through a portal to be added straight to the member record.

Testing of this new development will be carried out by the Employer Relationship Team and will be rolled out to employers in due course.

Maternity & APP

For any period of paid maternity leave (or for the first 26 weeks of leave if the member is not entitled to maternity pay) it is required that the employer pay contributions on Assumed Pensionable Pay (APP). Similar to sick leave, this ensures that the member does not lose out on pension benefits as a result of maternity leave. The members CARE pay and pension is calculated against the amounts provided by the employer therefore any incorrect figures provided will automatically mean that incorrect benefits will be calculated.

Please take time to ensure that you understand the requirements of APP and that any system generated calculations of APP are being applied correctly. It is not always possible for the Fund to identify errors around this due the nature of these calculations and the amount of data received on a monthly basis.



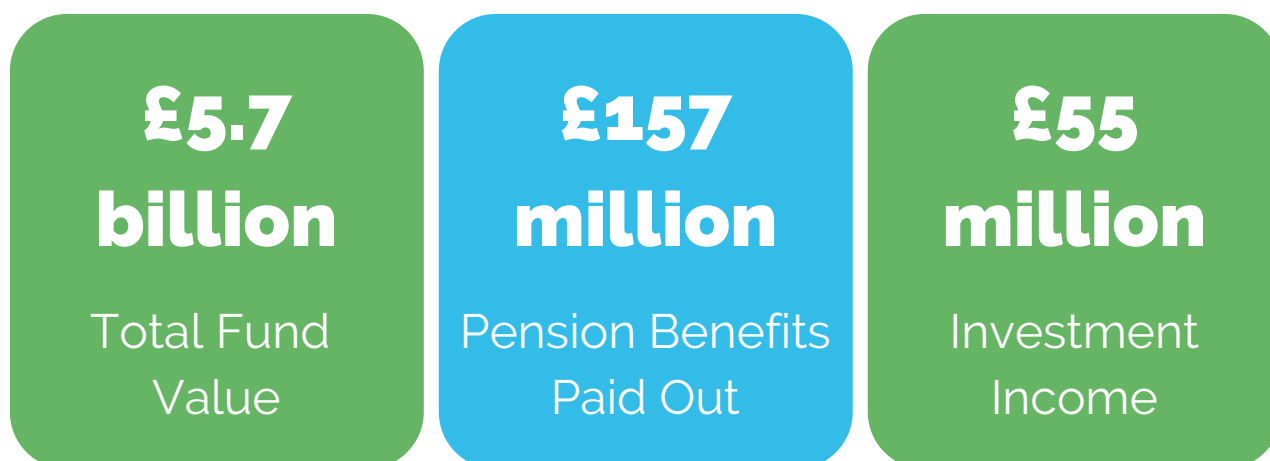
New Address

A reminder that any communication in respect of NESPF should have the following address:

North East Scotland Pension Fund
Level 1
2MSq
Marischal Square
Broad Street
Aberdeen
AB10 1LP

Please review any documentation that you provide to staff and ensure the correct address is used.

Fund in Figures



Full details of the Fund's financial and administrative performance can be found in the [Unaudited Annual Report and Accounts 2020/21](#).