





SHORTFALL AND REDUNDANCY CODING AND INVOICING

Version V1.0

1 Document History

1.1 Review History

Reviewed by: (Name)	Role	Version	Signature	Date
Ian Howe	Pensions Manager	V1.0	 IH sign off.msg	28/03/2013
Susan Hubbleday	Process Owner	V1.0	 SH sign off.msg	28/03/2013

1.2 Revisions History

Title	Date	Version	Detail Changed	Review Due Date
SHORTFALL AND REDUNDANCY CODING AND INVOICING	22/04/2013	V1.01	Amendment to Fairmeadows school code and addition of details for redundancy codes into axise	22/04/2014

1.3 Distribution List

Pensions Section	H:\AAA H DRIVE DOCS FOR EDRM\MANAGEMENT\STRATEGIC PLANNING\PROCEDURES\NEW OFFICE PROCEDURES
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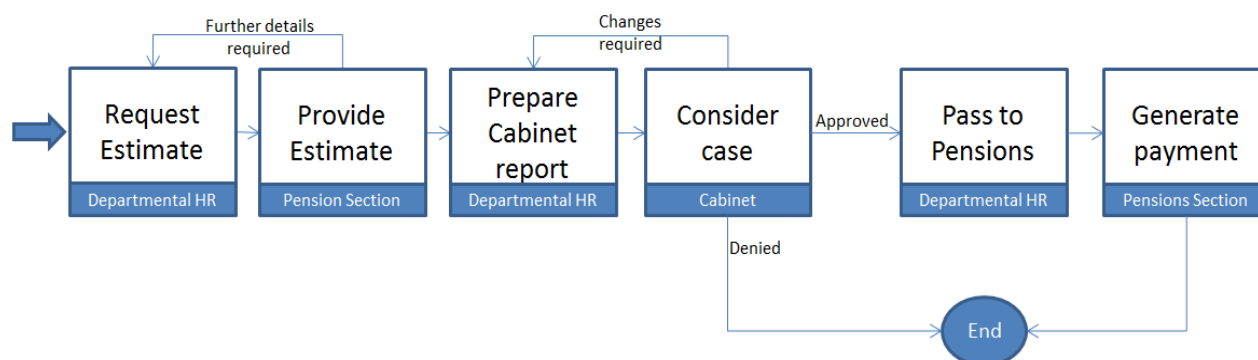
2 Purpose of this Document

The purpose of this document is to detail the new, revised procedure for dealing with the payment of all shortfall costs (i.e. All employers including Derbyshire County Council) and more specifically the codes to charge Derbyshire County Council (including schools) Redundancy payments and shortfall costs to.

These notes assume that the user is familiar with the use of Microsoft office applications, Axise, SAP and has a working knowledge of the current procedure.

3 Process Overview

3.1 High Level Process Map for DCC cases



3.2 Background

In the past there has not been a consistent process for dealing with Derbyshire County Council (DCC) shortfalls, this has mainly been due to the shortfalls of CAYA school staff being dealt with in a different way to the rest of DCC.

From 01/04/2013 (i.e. leavers on 31/03/2013 onwards) the procedure for dealing with shortfalls for all employers has been simplified and the spreading of shortfall costs will no longer be allowed, instead all shortfalls will be payable at year end BUT without interest.

With this new process, there will no longer be any need for the various worksheets and spreadsheets that are currently used to record all the shortfalls, instead all the invoices will be created at year end by the technical team from details within Axise. However, it is therefore vitally important that the correct details for the shortfall are correctly recorded within Axise on page 2 of the pension details dataview.

3.3 New Process

In brief the new process for District and External employers is as follows:

- Proceed as before up until the point of dealing with the shortfall.
- After case has been processed check that the shortfall shows correctly on page 2 of the pension details data view as detailed below in 3.5.
- Do **NOT** record the shortfall on the shortfall spreadsheet or produce invoices anymore.

In brief, the new process for DCC is as follows:

- Employing department's Human Resources (HR) request an estimate for the figures from Pensions section.
- Pensions section provide the estimate back to HR by email using the worksheet shown in appendix A, this can be found at: H:\RUTHS COMPENSATION COSTS\Pensions Compensation Costs and is called "Compensation costs.red- AAA NEW BLANK COPY" Please note that you will need to change the headings, depending on which department it is for and on what basis. The completed spreadsheet should be saved in the same file location but renamed to the format "compensation costs.red (then with the name of the employer and initials of the member(s) and the date of leaving)" i.e. "compensation costs.red CAYA AB 31032013". In the case of a redundancy under 55, still complete the worksheet but put "NIL" for the shortfall. PLEASE NOTE: we do not need to keep them indefinitely so cases will be deleted from this folder location at various intervals.
- If the HR department wish to proceed with the case, they prepare a report for cabinet approval which includes all the details in Appendix A including the shortfall code.
- If cabinet approve the report then HR supply pensions with a copy of the approved cabinet report authorising the payment and/or shortfall. If HR want to use a different cost centre to the one we supplied, they must change it within the report or notify pensions separately.
- On receipt of the cabinet report or other VR/VER authorising paperwork, pensions then process the case into payment accordingly, ensuring that the cost centre is recorded within Axise as detailed below in 3.4 and the shortfall is recorded correctly on page 2 of the pension details data view as detailed below in 3.5.

3.4 New Codes to be used

Please see the tables below for details of what shortfall codes to use and what codes to use for (voluntary or compulsory) redundancy payments.

Redundancy Payments (Voluntary or Compulsory redundancy)

Dept.	<u>Voluntary</u> Redundancy General Ledger Code	OR	<u>Compulsory</u> Redundancy General Ledger Code	Cost Centre
Adult Care	118560		118565	AL00010
Culture and Community	118560		118565	KH10000
Corporate Resources	118560		118565	LV00001
Health and Community Safety	118560		118565	MP00000
Property DSO	118560		118565	LW00100
Environment	118560		118565	EA90100
CAYA Non-schools	118560		118565	CSDD002
CAYA Schools	118560		118565	CSDD003

Pension Shortfalls Costs

Dept.	General Ledger Code	Cost Centre
Adult Care	118420	AL00010
Culture and Community	118420	KH10000
Corporate Resources	118420	LV00001
Health and Community Safety	118420	MP00000
Property DSO	118420	LW00100
Environment	118420	EA90100
CAYA Non-schools	118420	CSDD002
CAYA Schools	118420	<u>SEE BELOW</u>

The codes to be used are the cost centre code which can be found in the members SAP record and are split as follows,

CIN** = Nursery schools**

CIP** = Primary schools**

CIS** = Secondary schools**

CIX** = Special schools**

Spreading of shortfalls is no longer possible for leavers in 2013/14. This negates the need for interest, thereby reducing the cost of shortfalls going forwards. Any remaining cases already being spread (prior to 2013/14) can continue if the Dept. so chooses.

There are 6 schools that operate a local bank account rather than DCC systems so these schools will need invoices at year end (e.g. the pension’s external employer route, rather than journal transfers). These are;

School	Code
Fairmeadows Primary School	CIP5208
Swanwick Hall School	CIS4000
Dronfield Henry Fanshawe	CIS4509
Belper School	CIS5404
Friesland School	CIS5409
Lady Manners School	CIS5411

3.5 New Shortfall Process

The shortfall cost centre and general ledger code must be provided on estimates to DCC HR Depts/schools. This is worked out by Pensions from the shortfall table above. If the Dept. requires a different code to that provided by Pensions, the Dept. must inform Pensions in writing on the actual retirement details – Be aware this may happen for cases under the VR/VER process.

An example of the form Pensions will use is attached as appendix A

For ACTUALS. The shortfall codes FOR ALL DERBYSHIRE COUNTY COUNCIL cases must be entered (by the person doing the case) on the “USER DEFINED DATA” screen (screen shot below). The checker of the case must ensure the correct code and the shortfall have been correctly entered onto AXISe.



The shortfall is automatically generated during the AXISE calculation onto the "PENSION" dataview on page 2 (screen shot below).

Page 1 Page 2 List

OTHER PENSIONER DETAILS

Re-employed Pens Separate Bens

Other Member No. Other Payroll No

Rights Forfeited Date Of Marriage

PENSIONER LEAVER TERMINATION DETAILS

Date Terminated Reason

Exit Payment PI on Exit

Spouses Ref. No Dep. Ref. No.

EARLY RETIREMENT DETAILS

ER Cost - Fund ER Cost - Unfund

SCHEME DETAILS

Sp-Ind 1 Sp-Date 1 Supp PI

Sp-Ind 2 Sp-Date 2 Comm Tax

AXISE!

Amount may show in 'ER Cost – Unfund' instead

At year end the Pension Section will record any leavers with a shortfall cost in 2013/14, split by Dept. This will be run directly from AXISE; hence it is critical the code is correctly entered into AXISE in good time. Shortfall spreadsheets are no longer required.

The Pension Section will then journal transfer the total shortfall costs, split by Dept. code.

In February the Pension Section will inform DCC accountancy sections of codes that will need to be "active" in preparation for the journal transfer, to avoid cases being rejected when the code has been temporarily closed.

3.6 New Redundancy Process - Pensions

Pensions will not provide the redundancy code for estimates as these are standard across all Depts (see the first table in 3.4 above). In addition, not all DCC employees are in the pension scheme so currently Pensions do not have records for these individuals.

However, as auto-enrolment progresses we will eventually have records on Axise for non-pensionable staff. This will allow us to have one standard Axise recording system for all future redundancy payments, should we continue to deliver this service for Derbyshire County Council (as the employing body) in the future.

Employee paying into the LGPS

When paying a redundancy payment please populate the following new fields on the User Defined data view

Redundancy Payment: Enter redundancy payment

Redn Code (CC): Enter the relevant Cost Centre code for redundancy as detailed in 3.4 above.

Redn – VOL or COMP: If reason for redundancy is voluntary enter VOL

OR

if reason for redundancy is compulsory enter COMP



By entering this information on the User Defined data view the VOUCHREDN will be pre-populated with the correct information therefore you do not need to enter anything manually.

If reason for redundancy is Voluntary the General Leger code will be 118560, if the reason for redundancy is Compulsory the General Ledger code will be 118565

If the employee is aged under 55 and is in the LGPS, please also ensure that the “Preserving Benefits” process is completed and the member is sent their PB letter after checking as usual.

Employee not paying into the LGPS

If you pay a redundancy payment to someone who is not paying into the pension scheme then you will need to enter the information on a spreadsheet. This can be found on the H:\drive as follows:

H:\REDUNDANCY BULK CALCN\AAA REDUNDANCY PAYMENTS\NOT PAYING INTO PENSION SCHEME – EMPLOYEES NOT PAYING INTO THE PENSION SCHEME

EMPLOYEES NOT PAYING INTO PENSION SCHEME - REDUNDANCY PAYMENTS

NI NUMBER	NAME	PAYROLL NUMBER	DOB	DEPARTMENT	DATE LEFT	REDUNDANCY PAYMENT	REDUNCANCY COST CENTRE CODE	REASON FOR REDUNDANCY - VOLUNTARY OR COMPULSORY
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Eventually, as we move forward with auto-enrolment, every employee will have a member record on Axise whether they are in the LGPS or not, however until then, if you need to produce any letters or redundancy vouchers, use the dummy record in the name of “Mrs Redundancy”.

Once these type of employees have a non-pensionable record on Axise, this information will be transferred over, thereby providing a full year’s redundancy information for 2013/14.

3.7 Appendix A

Children and Younger Adults

Employer costs of premature retirement on the grounds of redundancy

Initials	DoB	DoR	Age	Pension Scheme Membership		Redundancy Payment (if applicable) £	Pension Fund Shortfall £	Pension Fund Shortfall Cost Centre to be used (Charged at Year End)					Total Capital Cost £	
				Years	Days									
														0
														0
														0
														0
														0
														0
														0
														0
														0
														0
														0
														0
														0
TOTALS						0	0							0

PEN/RT
CORPORATE RESOURCES
27/03/2013

Compensation costed- AAA NEW BLANK COPY