
THIS BULLETIN PROVIDES EMPLOYERS WITH AN UPDATE ON NATIONAL ISSUES

Issue February 2019

This bulletin from the Staffordshire Pension Fund, focuses on current issues that you should be aware of relating to the Local Government Pension Scheme (LGPS) and your Employer responsibilities around this.

Changes to the Local Government Pension Scheme (LGPS)

In the October Newsletter we informed you of proposed changes to the LGPS. We can now confirm that an amendment to the Scheme rules was passed by Parliament on 18 December 2018. The new rules which came into force on 10 January 2019 are summarised below:

Survivor benefits – introducing changes which provide that pensions awarded to survivors of civil partners or same sex marriages will be equal to those provided to widows of male members. The changes will be backdated to the date the civil partners and same sex partners pensions commenced payment, following the death of the deceased member. Consequently all LGPS administering authorities will need to revisit all awards made under the current rules to civil / same-sex partners and pay any additional sums that are due.

Introducing a general power – for the Ministry of Housing, Communities and Local Government (MHCLG) to issue statutory guidance to Fund's that administer the LGPS locally.

Correcting an unintended error in the LGPS (Amendment) Regs 2018 – to provide that deferred members who left under the 1995 Regulations are able to take payment of their LGPS pension without the need for their former Employer's consent from age 55, with the appropriate actuarial reduction.



Please note in the future a former member will approach Staffordshire Pension Fund directly to request early payment of their deferred benefits, rather than contact their former Employer. There will be no cost to the Employer as the member will draw their benefits with a reduction if it applies. However, if a deferred member wishes to make a claim for early payment due to ill health or payment without an early reduction factor applied, then such cases would remain subject to approval of the members former Employer.

LGPS: New Fair Deal Consultation

On 10 January the Ministry of Housing, Communities and Local Government (MHCLG) published its latest consultation on the New Fair Deal, concerning the introduction of greater pension protection for employees who are TUPE transferred from local government employment to a separate organisation.

The key elements of the new Fair Deal consultation include:

- Defining those scheme Employers that would be directly impacted on the proposed changes;
- Confirming the removal of the ability for contractors to offer the alternative of a broadly comparable scheme as a means of securing pension protection;
- Confirming the transitional arrangements protecting those individuals whose pension protection was previously gained via early provisions;
- The proposed introduction of 'deemed employer' status as an alternative option to admitted body; and
- Introducing guidance to assist Employers in understanding their responsibilities.

In addition, MHCLG are proposing mechanisms regarding the transfer of assets and liabilities when LGPS employers merge.

A link to the consultation can be found at:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection>

This consultation closes on the 4 April 2019.



Potential Improvement to LGPS – Consultation delayed.

On the 6 September 2018, the Chief Secretary to the Treasury issued a statement regarding the scheme valuations for public sector pension schemes, including the LGPS. This is part of the “**Cost Cap**” measures to ensure all public sector pensions schemes (including the LGPS) remain affordable and sustainable.

Following the Treasury statement, the LGPS Scheme Advisory Board (SAB) actuarial advisor calculated that an increase in the value of members benefits of 0.5% would be required to re-align member benefits with the cost cap measure.

As a result of this review the SAB are proposing an improvement to benefits equating to 0.5% of payroll by introducing the following improvements which are subject to HM Treasury approval and consultation:

- Removal of Tier 3 Ill- Health, on the basis that those members who would have received this benefit, will instead be granted benefits under Tier 2;
- A minimum lump sum death in service benefit of £75,000 per member (regardless of salary);
- Enhanced early retirement factors for all members who are active on 1 April 2019; and
- Lower employee pension contribution rates for those with salaries at the lower end of the contribution band scale.

However, on 30 January 2019 the Government announced a pause in the cost cap process for public sector pension schemes pending the outcome of the application to appeal the McCloud case to the Supreme Court.

Although there are no timescales for the outcome of the challenge to this case we understand this could be late 2019 or early 2020 before we have more details.

Consequently, any potential improvement to the LGPS are on hold

Further information including a copy of the McCloud Appeal Court Judgement, the Written Ministerial Statement (WMS) and the letter confirming LGPS inclusion in the WMS is available on the SAB website by following this link;

<http://www.lgpsboard.org/index.php/structure-reform/cost-management>.



<http://www.lgpsboard.org/index.php/structure-reform/cost-management/ccmcloud>

LGPS – Pension Contribution Rates / Banding 2019/20

The following table shows the pension contribution rates that come into force on 1 April 2019, please ensure your HR and Payroll Teams take the necessary action to implement the changes from 1 April 2019.

BUT Please note that if scheme improvements (as detailed earlier in this Newsletter) are implemented and back dated to 1 April 2019 i.e. a reduction in pension contribution for those members with salaries at the lower end of the contribution scale. This may lead to retrospective payroll adjustments for those members affected.

Contribution bandings 2019/20			
		main scheme	50/50 section
up to	£ 14,400.00	5.50%	2.75%
£ 14,401.00	£ 22,500.00	5.80%	2.90%
£ 22,501.00	£ 36,500.00	6.50%	3.25%
£ 36,501.00	£ 46,200.00	6.80%	3.40%
£ 46,201.00	£ 64,600.00	8.50%	4.25%
£ 64,601.00	£ 91,500.00	9.90%	4.95%
£ 91,501.00	£ 107,700.00	10.50%	5.25%
£ 107,701.00	£ 161,500.00	11.40%	5.70%
£ 161,501.00	or more	12.50%	6.25%

Reminder to Academies

We now have over 270 academies in the Staffordshire Pension Fund, spread over 50 Academy Trusts. These numbers are increasing every month and many of the Trusts have similar names and many of the Academies have the same name. To help Pension Services identify and deal with your queries more efficiently, please quote your unique Employer Code when contacting the Fund. You were notified of your unique Employer Code when joining the Fund, but if you are not sure what your Employer Code is please contact Pension Services and we will provide this to you.

Please also include the Employer Code as a reference on any bank payments made to the Pension Fund i.e. invoice payments / monthly contribution payments, as this



will insure that any payments you make are allocated to your Academies specific account in a timely manner, avoiding the need for chase up queries and potential misallocation of your payments.

Staffordshire Pension Fund Website

The “Employers” area of the Fund’s website is no longer password protected. This allows all Employers to easily access, factsheets, technical guides, Employer Bulletins and much more.

We have also introduced a new area within the Employer section containing factsheets to help guide you through the key processes. Over the coming months we will add more factsheets to this area.

NB Due to audit and security of data, the forms area of the Employer section remains password protected

Link to the new area.

www.staffspf.org.uk/Employers/Guides-and-factsheets/Guides-and-Factsheets.aspx

Important Notice from Staffordshire Pension Fund

Since April 2014, there has been a fundamental shift in the way benefits are calculated and this has impacted on the information that must be provided to the Staffordshire Pension Fund by Employers and their Payroll Providers.

Unfortunately, all too often Employers are failing to appreciate the importance of providing accurate information in a timely manner.

A issue has arisen with many of our Employers failing to provide a termination form with the relevant final pay information, required for the Pension Team to calculate the benefits. Please ensure this information is provided and the relevant part of the termination form completed.

This will greatly assist the Pensions Team as they will not have to spend time chasing up key information. As failure to do so leads to additional rework for the employer/Pension Team which may result in late payment of pension benefits leaving the Employer in breach of Pensions Disclosure Regulations.



In future this Employer focus bulletin will be posted directly onto our website. Once available we will email you a link to the relevant page.

If you require any further information or clarification, please do not hesitate to contact our Martin Griffiths, Communication Officer
martin.griffiths@staffordshire.gov.uk
01785 276070

