
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)

Issue June 2019

Employer Training Day – 25 June 2019

The aim of the day is to make it a valuable training event for HR and Payroll staff that deal with pensions issues. We are pleased to confirm that external speakers from the Pensions Regulator, Local Government Association and Heywood's (our pension software provider) will be in attendance. Training on the day will include the following topics.

- The Pension Regulator
- Employer Roles and Responsibilities.
- Assumed Pensionable Pay
- Annual Benefit Statements and Retirement Processes.

The day will also provide the opportunity to meet with members of the Pension Services Team.

The training day is now fully subscribed, if you haven't managed to secure a place or are unable to attend this event, please contact our Communication Officer, to see what alternative training can be made available for your staff. Similar events can be arranged on request for smaller groups.

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Year End Return Update – Thank You to Employers

The 2019 Actuarial Valuation is based on the membership data we hold as at 31 March 2019 and we are required to submit your data to the Fund's Actuary by 30 June 2019. This deadline will ensure that the initial results are communicated to all Employers in November 2019.



The ability to meet these deadlines was dependent upon Employers submitting their annual returns by 19 April 2019. The prompt return of the year end returns has enabled the Fund Officers to perform validation, tolerance and data cleansing exercises prior to submission to the Fund's Actuary on 30 June.

We want to say a big thank you to our Employers for all the hard work and commitment to ensure we received your pension year end returns for 2018/19.

LGPS – Valuation Consultation

On 8 May 2019, the Ministry of Housing, Communities and Local Government (MHCLG) published a consultation on changes to the Actuarial Valuation cycle and the management of Employer risk for LGPS Funds in England and Wales. **The consultation closes on 31 July 2019.**

The five key proposals covered by the consultation are:

- Transitioning local Fund actuarial valuations from 3 yearly to 4 yearly, so that the national LGPS cost management valuation and local LGPS valuations are aligned from 31 March 2024 onwards;
- Giving Funds the power to carry out 'interim' valuations between the formal valuation dates in exceptional circumstances, and subject to the Secretary of State Approval.
- Allowing Funds more flexibility around the way in which they manage Employers that exit the LGPS, by spreading cessation debt repayments or setting up private sector style 'deferred debt' arrangements to ease Employer concerns over affordability;
- Amending LGPS Regulations to allow exit credits to be reduced to nil where a pass-through arrangement is in place; and
- Removing the requirement for further education, higher education and sixth form college corporations in England to offer new employees' access to the LGPS.

A link to the consultation can be found at:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-changes-to-the-local-valuation-cycle-and-management-of-employer-risk>

The Consultation closes on 31 July 2019

Government Consultation – Restricting exit payments in the public sector

Consultation period closes on 3 July 2019



You will recall from a previous Fund communication that the Government planned to introduce a **£95,000.00 (£95K) cap on exit payments for public sector bodies**. The original Government proposals were issued in summer 2015, however on 10 April this year the Government announced a final consultation which closes on 3 July 2019.

Who does this affect?

This affects most public sector employers and in the Local Government Pension Scheme has relevance for Councils (whether Metropolitan, County, District, Borough or Parish) Police, Fire and Academies

What is the Exit payment cap?

The cap limits the exit payments made to employees of public sector bodies. The proposed cap of £95K would cover the total value of exit payments (before tax) made by an Employer and includes the strain cost of early payment of pension and redundancy payments, plus any other compensation or severance payments (e.g. pay in lieu of notice, enhanced employer compensation lump sum payments etc.). Benefits relating to Ill Health Retirement are not affected by the cap

The Governments Consultation, which sets out in detail how the proposed changes will be implemented and the impact they will have on public sector bodies and their employees, can be found on the latest news page of our website.

<https://www.staffspf.org.uk/Employers/Latest-News/Latest-News.aspx>

We have also provided a link to the Local Government Association (LGA) response to HM Treasury's consultation response (issued on 18 June 2019). Please click on the 2019 area of the page.

<https://www.lgpsregs.org/landscape/consultations.php>

Employers should assess the impact the proposed changes will have on their Organisation and Employees, specifically if an individual Employees retirement date is likely to be post the implementation of the Exit Cap (date to be confirmed). As we understand it currently, there will be no transitional period and Employees will be subject to Local Government Pension Scheme rules that apply on the date of leaving. i.e. subject to the Exit Cap.



The Staffordshire Pension Fund is assessing the impact the Consultation will have on the LGPS and will issue our own response by 3 July 2019.

The Scheme Advisory Board (SAB) - Annual Report 2018

The aim of the SAB annual report is to provide a single source of information about the status of the LGPS for its members, employers and other stakeholders. It aggregates information supplied in the 89-fund annual report as at 31 March 2018. Key highlights:

- The total membership of the LGPS grew by 197,00 (3.4%) to 5.8 million members in 2018 from 5.6m in 2017:
- The total assets of the LGPS increased to £275 billion (a change of 5%). These assets were invested in pooled investment vehicles (54%), public equities (29%), bonds (7%), direct property (3%), as well as other asset classes (7%):
- The local authority returns on investments over 2017/18 was 4.4%. This was reflective of the market conditions during the year and set against the UK Return of 0.2%:
- The Scheme maintained a positive cash-flow positive overall all. Scheme income was higher than total scheme outgoings by £500 million; this is including investment income: and.
- Over 1.7million pensioners were paid over the year.

The full report can be viewed on the Scheme Advisory Board website

<http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

Automatic Enrolment – Compliance Checks

On 15 May 2019, the Pensions Regulator (TPR) announced that Employers who flout their automatic enrolment pensions duties are to be targeted with short – notice inspections. TPR will pinpoint specific Employers up and down the country who are suspected of breaking the law, including those who fail to put staff into a pension scheme or who make no, or incorrect, pension contributions.

The inspections started shortly after the announcement and will continue over the summer. Employers who are suspected of non-compliance may also be contacted by telephone to validate the information held. It is mandatory for Employers to take part in the inspections. Obstruction of an inspector and failing to provide information when required to do so are criminal offences. Non- compliance could also result in fines or court actions



**If you require any further information or clarification, please do not hesitate
to contact Martin Griffiths, our Communications Officer
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