

---

**This bulletin from the Staffordshire Pension Fund, focuses on the key responsibilities / actions required by Employers in the submission of their Annual Employer Returns for the year to 31 March 2022.**

---

**Issue February 2022**

## **Important Information for Scheme Employers and Payroll Departments**

- Submission of Year End Pension Data Returns- Deadline **22 April 2022**
- Revised Employer and Employee pension contributions effective from **1 April 2022**

## **Fund's Actuarial Valuation**

Completing an Actuarial Valuation every three years is one of the most important functions the Pensions Section undertakes in administering the Pension Fund. It is a statutory obligation and measures the financial position of the Fund as well as individual Employers, in terms of their assets relative to their liabilities. The valuation process determines individual Employer contribution rates for the 3 years commencing 1 April 2023.

The formal valuation will be based on the membership data held at 31 March 2022 which the Fund is required to submit to the Fund's Actuary by 30 June 2022. This deadline will ensure that the initial results are communicated to Employers at the earliest opportunity as they are likely to be key for future financial planning decisions.



To enable the Fund to meet these deadlines, it is vitally important that all Employers submit their annual pension returns by 22 April 2022. This early deadline will allow for data validation processes to be completed and any necessary data cleansing to be performed prior to submission to the Fund's Actuary.

## Submission of Year End Pension Data Returns

### Background

Employers will be familiar with this annual business critical and regulatory requirement, to maintain the accuracy / integrity of all the Fund Members' pension data. As well as meeting the Actuarial submission deadlines it also enables the Fund to issue our Members' Annual Benefit Statements by 31 August 2022.

### Deadline for Employer's submission (except Employers using i-Connect)

As mentioned already the submission of data for the financial year ending 31 March 2022 **must** be received by Pensions Services no later than **22 April 2022**,

**Failure to respond by 22 April 2022 may result in the late issue of Members' Annual Benefit Statements, which constitutes a breach of law. This means the Fund has a legal requirement for the breach to be reported to the Pensions Regulator. This exposes both you, as the Employer and the Fund to reputational risk and also the risk of financial penalty.**

### Employer Guidance

To assist Employers with completing their annual return we have a dedicated area of the Pension Fund's website, which contains all the necessary documentation for completion including guidelines and supporting information (please see link below).



[Staffordshire Pension Fund - Year end data \(staffspf.org.uk\)](https://staffspf.org.uk)

The above link includes the following:

Common Employer data return issues [Staffordshire Pension Fund - Common issues with data supplied for previous year end returns \(staffspf.org.uk\)](https://staffspf.org.uk)

How to complete the year end return [Staffordshire Pension Fund - Requirements for the completion of the Contpostmaster spreadsheet \(staffspf.org.uk\)](https://staffspf.org.uk)

How to complete the career average pay [Staffordshire Pension Fund - Guidance for the completion of CARE return for scheme employers \(staffspf.org.uk\)](https://staffspf.org.uk)

Documents you are required to complete [Staffordshire Pension Fund - Year end data \(staffspf.org.uk\)](https://staffspf.org.uk)

LGPS Payroll Guide – if you are uncertain of the data that should be supplied, then please refer to this guide. The guide sets out the requirements for payrolls in respect of the LGPS [Pv4.0c.pdf \(lgpslibrary.org\)](https://lgpslibrary.org)

## **Revised Employer Pension Contributions effective from 1 April 2022**

As a participating Employer in the Staffordshire Pension Fund, unless you are a contractor or partner organisation operating on a fixed contribution rate admission basis, you will previously have received notification of your Employer's 2019 valuation schedule which outlines your organisation's expected Employer LGPS contribution rate for the three years commencing 1 April 2020.

To assist Payroll Managers, details of the Employer Contribution rates due from 1 April 2022, for all participating Employers in the Staffordshire Pension Fund, can be found on our website (see link below)



[Staffordshire Pension Fund - Year end data \(staffspf.org.uk\)](http://staffspf.org.uk)

**N.B. If the contribution rate your organisation pays is fixed for the life of your current contract, the Fund Actuarial Valuation will not alter the contribution rate payable.**

### **LGPS Scheme Members contribution banding from 1 April 2022**

The table below sets out the members contribution bands which will be effective from 1 April 2022. These are based on the pay bands for 2021/22 as increased by the September 2021 Consumer Price Index (CPI) figure.

**Please ensure your HR and Payroll Teams take the necessary action to implement the changes from 1 April 2022**

<b>Band</b>	<b>Pensionable Pay Range</b>	<b>Main Section Contribution Rate</b>	<b>50/50 Section Contribution Rate</b>
1	Up to £15,000	5.5%	2.75%
2	£15,001 to £23,600	5.8%	2.9%
3	£23,601 to £38,300	6.5%	3.25%
4	£38,301 to £48,500	6.8%	3.4%
5	£48,501 to £67,900	8.5%	4.25%
6	£67,901 to £96,200	9.9%	4.95%
7	£96,201 to £113,400	10.5%	5.25%
8	£113,401 to £170,100	11.4%	5.7%
9	£170,101 or more	12.5%	6.25%



## IMPORTANT - CARE Pay that should include Assumed Pensionable Pay (APP)

Assumed Pensionable Pay provides a notional pensionable pay to ensure a member's pension is not affected by any reduction in pensionable pay, due to a period of sickness or injury on reduced contractual pay or no pay, or relevant child related leave, or reserve forces service leave.

### Why is APP so important?

Since 1 April 2014, a member's pension has been linked to their earnings in each financial year. For every year they are a member of the scheme they add pension to their individual account.

The pension added each year is based on 1/49th of earnings for that year (1/98th if the member has opted to be a member of the 50/50 section of the scheme).

The pension account is then revalued each year by change in the consumer price index (CPI) up to their retirement date. This is known as a career average revalued earnings (CARE) pension.

### Example calculations of CARE pensions for the financial year 2021/2022

#### Member A

A Member who earns £20,000 from 1/4/2021 to 31/03/2022 will build up 1/49th of that pay towards their pension account for that year.

i.e.,  $£20,000 \times 1/49\text{th} = \textbf{£408.16}$  per annum pension

#### Member B

If we take an identical Member who has been on reduced pay of £15,000 due to sickness or relevant child related pay during the same period 1/04/2021 to 31/03/2022

i.e.,  $£15,000 \times 1/49\text{th} = \textbf{£306.12}$  per annum pension.

- Member A's pension = £408.16 p.a. versus Member B's pension = £306.12 p.a. a difference of £102.04 per annum.



- In this example the Member has 'lost pension' of £102.04 per annum, plus future changes in line with Consumer Price Index (CPI).
- This will result in a lower Member's or spouse's pension than they are entitled to under the LGPS regulations.

## Consequence

In this example, as the Member is on reduced pay due to sickness or relevant child related pay, the Employer must include a notional APP of £5,000, thereby increasing the pensionable pay to the amount the Member would have received had they not been on reduced pay.

**Under the LGPS regulations the Employer is required to ensure a notional APP is included in the Member's pensionable pay which is notified to the Fund in their organisations Year End Returns. The Member's pension contributions based on actual pay plus APP.**

The example above is only a summary of assumed pensionable pay. **For more detailed information of how APP is calculated, please see this document:**

 [HR guide to the 2014 scheme](#)

## Coronavirus job retention scheme - Furlough

The Pension Fund needs to be aware if any scheme members have received furloughed pay, in order that any earlier pay protection can be considered should the member leave within 12 months of the furlough period ending; and, to avoid the Pensions Section needing to contact your payroll teams regarding unexpected reductions in the member's remuneration.

A simple spreadsheet is available on our website, which should be completed at the beginning and the end of the furlough period.

<https://www.staffspf.org.uk/Employers/Furlough-Notification-Spreadsheet.xlsx>

All completed forms should be sent in an encrypted format or via Staffordshire County Council's Secure File Transfer (SFT) system to:



- **Email:** [pensions.employers@staffordshire.gov.uk](mailto:pensions.employers@staffordshire.gov.uk)

