



Staffordshire
Pension Fund
Local Government Pension Scheme

Employer Focus

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 July 2020

McCloud – Government Consultation Published

In previous editions and updates we have kept Employers informed about the McCloud case and the implications for the LGPS. For ease we have summarised below what the McCloud Case means for the LGPS and the current position.

What is the McCloud case?

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for **older** scheme members were introduced. Similar protections were provided in other public sector pension schemes. However, the Court of Appeal ruled that **younger** members of the Judges' and Firefighters' Pension Schemes have been discriminated against because the protections do not apply to them. Following this judgement, the Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgment'.

What happens next?

Decisions concerning who is in scope for protection, the extent of final salary service protection and the effect on ancillary benefits such as transfer payments and survivor benefits will be made centrally. The Scheme Advisory Board (SAB) will work closely with the Ministry of Housing, Communities and Local Government (MHCLG) and the Government's Actuary Department (GAD) to ensure that the remedy to remove age discrimination from the LGPS is robust and comprehensive.



When would any changes to schemes be effective from?

It is anticipated that any remedy would be backdated to the commencement of the revised LGPS which was introduced on 1 April 2014. The protections will apply to active scheme members on or before 31 March 2012 who have continued active membership to when the new Scheme was introduced on 1 April 2014.

The Government has confirmed that members who qualify for the protection do not need to make a claim for the changes. If members qualify for the protection it will apply automatically.

Employer Actions

As previously advised, we require all Employers to retain hour changes and salary details for all employees, past and present who were members of the LGPS on the 1 April 2014. This must include the contractual hours per week, the effective date and the pensionable earnings during that period. Employers will also be required to record breaks in service due to authorised unpaid absence.

At this stage we do not require employers to submit this additional information to the Fund. However, it is vitally important employers maintain the employee contractual hours history which will be required by the Fund in the future.

Next Steps

On Thursday 16 July MHCLG published a [consultation](#) on proposed remedies for the LGPS to remove age discrimination. The Consultation will last for 12 weeks from 16 July 2020 to 8 October 2020.

The Staffordshire Pension Fund is assessing the impact the consultation will have on the LGPS. We will issue a response by 8 October 2020. Employers may also want to assess the impact the changes will have on their own organisation and consider submitting their own written response to the consultation.

Further Information

To further assist Employers the following link takes you to the Scheme Advisory Board website which contains all the latest information on the McCloud Judgement including Q & A's outlining the possible outcomes as well as the consultation document.

<http://lgpsboard.org/index.php/structure-reform/mccloud-page>



My Pension Portal (MPP) – Update

By the end of this month we will have written to all active members at their home addresses providing them with instructions on how they can activate their My Pension Portal access.

Therefore, to coincide with the mailshot to members, we have created 3 slightly different promotional posters highlighting what members can use MPP for, e.g. produce their own retirement quotes, update their contact details and view annual benefit statements.

If you haven't already done so, we would be grateful if all employers could [download the promotional material](#) and either place it on your notice boards, use it on your intranet site or simply cascade the e-posters through your internal email system.

Your continued assistance in this matter is greatly appreciated.

Employer Training Workshops

The Local Government Association are running Employer Role Workshops on 12 August and 3 September 2020.

These workshops are aimed primarily at staff working for scheme employers who have operational responsibilities under the LGPS. Delegates do not necessarily need a thorough working knowledge of the LGPS itself, but some experience of the scheme and its provisions would be useful.

The workshop meeting will start promptly at 10:00am and finish at 4:00pm.

The training will take place virtually using Microsoft Teams. Courses are limited to a maximum of 15 attendees to ensure everyone has sufficient opportunity to interact with the trainer and other attendees. Attendees will receive a PDF training manual for their own personal use.

If you want to find out more information or wish to enrol on the course, then please click on the following link. The cost to attend the training is £270 + Vat



[12 August 2020](#)
[3 September 2020](#)

Schools and Academies – Outsourcing Staff

Schools and academies continue to explore different service models.

Where the outsourcing of services involves the TUPE transfer of any employees who are members of, or are entitled to be, members of the LGPS, there will be pension implications which should be considered as part of the tender process.

If you are considering letting a contract to an external provider, please **ensure you contact the Pension Fund first**, so you can be advised on the contractor's admission basis and their potential employer contribution rate.

This will enable the school or academy, together with the contractor, to factor pension costs into the procurement process, so that all bidders are aware of pension costs, risks and the requirements of becoming an Admitted Body in the LGPS and correctly price them into their tender / bid.

To assist Schools, Academies and potential bidders of the pensions implications and responsibilities, the Staffordshire Pension Fund has produced an Outsourcing Guide which is available at:

<https://www.staffspf.org.uk/Employers/Academies/Outsourcing-staff/Outsourcing-staff.aspx>

The Scheme Advisory Board (SAB) – Annual Report 2019

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 2019.

Key highlights:

- total membership increased from 5.8 million in 2018 to 5.9 million in 2019, a rise of 0.6 percent.
- total assets increased to £291 billion, a change of 5.9 percent.
- local authority returns on investment over 2018/2019 was 6.6 percent. This was reflective of the market conditions during the year and set against the UK return of 6.4 percent.



- the Scheme maintained a positive cash-flow position overall, including investment income.
- over 1.7 million pensioners were paid over the year.

You can access the full report at the following link

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

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

