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**This bulletin from the Staffordshire Pension Fund, focuses on the current issues that you should be aware of relating to the Local Government Pension Scheme.**

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**Issue November 2023**

## **Important - McCloud Remedy**

On 1 October 2023, the LGPS McCloud remedy regulations came into effect. Consequently, any pension calculations undertaken by Staffordshire Pension Fund from this date must consider the underpin rights for qualifying members, in order for us to comply with the new rules.

As the McCloud remedy is a material change to the pension scheme regulations, the Fund must inform all members who might be affected by the changes within three months of the changes coming into effect. By 31 December 2023 we will be contacting, active, deferred and pensioner members to explain the McCloud remedy and how this may affect them.

Although we have stressed that very few members will be affected, this communication will raise members' expectations that their pension benefits will be reviewed because of the new underpin rules. This will no doubt lead to a significant increase in member enquires to the Pension Fund.

If we have not received your data, we will need to inform your employees, and former employees, that do enquire that we haven't received all the required data from their employer to fully consider any impact the 2023 Regulations will have on them straight away. This may result in an increase in the enquiries you receive.



As always, we want to work closely and in partnership with you. But for those Employers that have not supplied the data requested we will shortly be contacting you to agree a deadline of 31 December 2023 for the submission of the required data or an alternative sign-off for audit purposes.

## Fund's Annual General Meeting (AGM)

The Staffordshire Pension Fund's latest AGM was held on 13 November 2023 and once again proved to be a highly successful event. Presentations were made by Fund Officers and Hymans Robertson (the Fund Actuary) and covered the following:

- Presentation of the draft 2022/23 Annual Report and Accounts.
- Investment and LGPS Central Pool update.
- Administration update; and
- An Actuarial update

Full copies of the AGM presentations are available here:

[Staffordshire Pension Fund - Fund's annual general meeting November 2023 \(staffspf.org.uk\)](https://staffspf.org.uk)

## Fund's Cyber Security Strategy

Local Government Pension Schemes (LGPS) are required by law to establish and operate internal controls to ensure the Fund is managed in accordance with scheme rules. A key part of the Fund's internal control mechanism is ensuring that there are processes in place to identify, evaluate and manage a wide range of risks. Building cyber resilience is deemed to be a priority risk and the Staffordshire Pension Fund has recently published its [Cyber Security Strategy](#).

The purpose of this Cyber Security Strategy (CSS) is to provide assurance to scheme members, scheme employers, and other stakeholders about our commitment to deliver robust information security measures to protect their data and the Fund's assets from misuse and cyber threats. We will also aim to safeguard their privacy through increasingly secure and modern information governance and data sharing agreements with our partners.



Through delivery of the CSS, we have assessed ourselves against:

- Pension and Lifetime Savings Association Cyber Risk Guide; and
- The Pensions Regulators' Cyber Security Principles for Pensions Scheme

## **September 2023 Consumer Price Index (CPI) rate announced**

On 18 October 2023, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2023 as 6.7 per cent.

Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under Section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year.

We await confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions and pensions in payment in April 2024 will be 6.7 per cent.

## **Back dated pay award for Local Government Employees**

New pay rates for Local Government Employees have been issued effective from 1 April 2023. The NJC have encouraged Employers to implement the pay award as swiftly as possible. For those covered by the "Green Book" agreement, the pay award is £1,925 (pro-rata for part-time employees) on all Spinal Column Points 1-43. For all locally determined pay points above the maximum of the pay spine, the pay award is 3.88 per cent. This 3.88 per cent uplift also applies to allowances.

When applying the new pay rates, some Members of the scheme will see an increase to their contribution rates. The Fund has checked the new rates against the 1 April 2023 Contribution Bands and have found the following change points (for Whole Time Employees):



Spinal Column Point	WTE Pay Rate at 01/04/2022	2023 Contribution Band Rate Before	WTE Pay Rate at 01/04/2023	2023 Contribution Band Rate After
11	£24,054	Band 2 (5.80% Main (2.90% 50/50))	£25,979	Band 3 (6.50% Main (3.25% 50/50))
12	£24,496	Band 2 (5.80% Main (2.90% 50/50))	£26,421	Band 3 (6.50% Main (3.25% 50/50))
14	£25,409	Band 2 (5.80% Main (2.90% 50/50))	£27,334	Band 3 (6.50% Main (3.25% 50/50))
15	£25,878	Band 2 (5.80% Main (2.90% 50/50))	£27,803	Band 3 (6.50% Main (3.25% 50/50))
34	£40,478	Band 3 (6.50% Main (3.25% 50/50))	£42,403	Band 4 (6.80% Main (3.40% 50/50))
35	£41,496	Band 3 (6.50% Main (3.25% 50/50))	£43,421	Band 4 (6.80% Main (3.40% 50/50))
45	£51,624	Band 4 (6.80% Main (3.40% 50/50))	£53,627	Band 5 (8.50% Main (4.25% 50/50))
46	£52,663	Band 4 (6.80% Main (3.40% 50/50))	£54,706	Band 5 (8.50% Main (4.25% 50/50))

Please remember that the Contribution Bands are based on a Scheme Member's Actual Pay (if they are part time), so this does mean that not all scheme Members on these spinal column points will be affected. It could also mean that Scheme Members working part time, on different grades, could also be impacted.

Within the LGPS regulations it is at an Employer's Discretion how often Employees' contributions are re-banded and how the Employer will act where a late pay award is announced. The discretion to be applied by your organisation will be published in your discretionary policy. You may need to confirm with your Payroll Provider that their system will act in accordance with your policy.

If you are changing a Scheme Member's contribution band, you must, as soon as is reasonably practicable, inform the Scheme Member of the new contribution rate and the date from which it is to be applied.



Further information on this can be found in the full HR Guide on the National LGPS website: [Guides and sample documents \(lgpsregs.org\)](https://lgpsregs.org). All eight of the trigger points identified, are backdated to 1 April 2023 which may mean that a Scheme Member will have to pay an increased pension contribution for the period 1 April 2023 – 31 March 2024.

However, when applying the new contribution rates on 1 April 2023, in many cases, the Scheme Member will return to their previous contribution banding. In this case, you must inform the Scheme Member of both changes.

## **LGPS agreement effective from 1 April 2023 – Members who left before 1 November 2023**

An Employer may pay arrears to Employees who have already left the scheme. If you are paying arrears to these Members and are an i-Connect Employer, you will already have received details of how to report these additional payments where applicable.

If you are not an i-Connect employer, Staffordshire Pension Fund will request revised pay information/leaver forms for Members, if applicable.

## **LGPS statistics for 2022 /2023 published**

On 25 October 2023, the Department of Levelling up and Communities (DLUHC) published the [LGPS Statistics for England and Wales 2022 to 2023](#).

Highlights include:

- total expenditure was £15.2 billion, an increase of 5.1 per cent on 2021/22
- total income was £17.3 billion, an increase of 8.5 per cent on 2021/22
- employers' contributions amounted to £8.4 billion, an increase of 7.8 per cent on 2021/22
- employee contributions were £2.8 billion, an increase of 9.5 per cent on 2021/22



- the market value of the LGPS funds at the end of March 2023 was £357.2 billion, a decrease of 1.9 per cent
- there were 6.2 million scheme members on 31 March 2023: 2 million active members, 1.9 million pensioners and 2.3 million deferred members
- there were 87,129 retirements, a decrease of 8 per cent compared with 2021/22

## Academy Conversion Guidance

On 19 October 2023, the Scheme Advisory Board (SAB) published guidance on [academy conversions](#).

The SAB guidance explains the common actuarial approaches LGPS administering authorities use when a local authority school converts to an academy. It was developed in a collaborative way by a working group which included representatives from GAD, the Department for Levelling Up, Housing and Communities (DLUHC), the Department for Education, fund practitioners, fund actuaries, academy school representatives and trade unions.

If you require any further information or clarification, please do not hesitate to contact the Pensions Communications Team on [pensions.comms@staffordshire.gov.uk](mailto:pensions.comms@staffordshire.gov.uk)

