



**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 October 2020

My Pension Portal (MPP) – Update

As mentioned in previous editions of the newsletter, this year's Annual Benefit Statement (ABS) has not been sent to members' home addresses but is available to view via our secure online facility [My Pension Portal](#) (MPP)

During July and August, we wrote to all active members of the Staffordshire Pension Fund providing them with instructions on how they can register for MPP. Following this communication, we are very pleased to say that a significant number of Pension Fund members have now successfully registered to use the service

However, we are still very keen to increase the number of scheme members using MPP, which allows them to view their pension details, update their records and produce estimates on their own future pension benefits.

If you haven't already done so, we would be grateful if Employers could download the promotional material below 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.

Poster 1

<https://www.staffspf.org.uk/Employers/Latest-News/Staffordshire-Pension-Fund-Portal-Poster-1.pdf>

Poster 2

<https://www.staffspf.org.uk/Employers/Latest-News/Staffordshire-Pension-Fund-Portal-Poster-2.pdf>



Poster 3

<https://www.staffspf.org.uk/Employers/Latest-News/Staffordshire-Pension-Fund-Portal-Poster-3.pdf>

Below, we have also provided a draft email that you may wish to cascade through your internal email system to your employees.

Following a mailshot to all members of the Local Government Pension Scheme, many members have now successfully registered to use My Pension Portal (MPP).

If you have not yet registered, [you can still apply on our website](#) for an activation code to be sent to your home address.

MPP gives you direct access to your pension record. You can update some personal details and use the in-built benefit projector to find out how much you might get when you retire. If you joined the Pension Fund before April 2020, your 2020 annual benefit statement will also be available to view on MPP.

Keep up to date with your valuable pension benefits and register for MPP, by logging on today.

The £95,000 Exit payment Cap effective from 4 November 2020

Please note: the Exit Cap applies to all public sector employees and employers including Councils (Metropolitan, County, District, Borough) Police and Fire authorities and Academies

The legislation implementing the £95k cap on exit payments has now been signed and comes into force on 4 November 2020.

We understand the Guidance and Directions to accompany the regulations will be issued shortly. This will set out the discretionary waiver process and the position of exits agreed before 4 November 2020, where the date of leaving is after.

You will be aware that the Ministry of Housing, Communities and Local Government (MHCLG) have opened a consultation seeking views on proposals for further reforming exit payment terms (see below). The consultation proposes changes to the LGPS regulations in order to accommodate the £95k exit payment cap. It also proposes a limit on cash severance payments and for the strain cost to be reduced by the value of any statutory redundancy payment made.



Clearly the amendments to the LGPS Regulations will not be in place when the £95k exit payment cap comes into force and both HM Treasury and MHCLG are aware of the predicament this puts local government employers and LGPS administering authorities in. Again, we understand that MHCLG will be issuing a statement on this shortly. In the meantime, the Scheme Advisory Board (SAB) is seeking legal advice, concerning the risk of challenge to LGPS administering authorities during this period.

Please note, in the period between 4 November 2020 and the date the LGPS regulations are amended:

- only exits where the cost exceeds the £95k exit payment cap will be impacted;
- the statutory guidance on standard strain cost will not be effective i.e. Staffordshire Pension Fund will continue to calculate strain cost on a local basis; and
- the proposals in the MHCLG consultation around limiting cash severance payments, and the strain cost being reduced by the value of any statutory redundancy pay will not apply.

MHCLG consultation on further reform of exit payments

In addition to the £95k exit payment cap, MHCLG has launched a [consultation on changes to the Local Government Pension Scheme \(LGPS\) and Discretionary Compensation Regulations](#). The consultation covers the required changes to compensation and pension regulations to implement both the £95k exit payment cap and the [public sector exit payments further reform proposals](#) issued by HMT in 2016.

The latter proposals were left to individual departments to implement rather than being via central HMT Direction. At this stage there have been no proposals to implement an [exit payment recovery](#) process, which was also consulted on in 2015. The MHCLG consultation closes on the 9 November 2020. Currently no other part of the public sector has any 'live' proposals to enact the further reform proposals.

Further information

To further assist employers, please see the Scheme Advisory Board's website for all the [latest information on the public sector exit payment cap](#).



Local Government Association (LGA) – Employer Role training

LGA have been running virtual Employer Role training since March. Due to the high demand, they have added three additional dates. You can book these through the LGA events page or by using the links below:

- 4 November 2020
<https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=343989&eventID=1007>
- 10 November 2020
<https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=344330&eventID=1008&CSPCHD=001001000000DLGyVsLkpF>
- 12 November 2020
<https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=344671&eventID=1009>

These workshops are aimed primarily at staff working for Scheme Employers in England and Wales, who have operational responsibilities under the Local Government Pension Scheme (LGPS). Delegates do not necessarily need a thorough working knowledge of the LGPS, but some experience of the Scheme and its provisions would be useful. The cost for attending is £270 plus VAT.

Please note that these courses are restricted to 15 delegates on each course and places will be awarded on a first come, first serve basis.

McCloud Update

In previous communications we have kept you informed about the McCloud case and the implications for the Local Government Pension Scheme (LGPS) and additional requirement this will place on Employers and the Pension Fund.

Reminder 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 judgement'.



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.

Whilst at this stage we do not require Employers to submit the additional information to the Fund, it would be extremely helpful if, you could identify where you will be able to obtain the required data going back to 1 April 2014, especially if your organisation has changed payroll providers during this period. If you have changed payroll provider then please contact your former payroll provider, about obtaining this data, if you don't currently hold it.

Next Steps

Employers and LGPS Funds should not underestimate the considerable amount of work that will be involved in rectifying members' records and the additional administrative burden this will place on all our resources.

The key to a successful outcome of this exercise is that the Fund and Employers continue to work together closely, and in partnership. The first step for us, in this project, is to establish **Key Employer Contacts** for Fund Officers to liaise with. These individuals will ideally be in position of responsibility and work within your HR or Internal Payroll Team.

It is important to note that providing the data is an Employer responsibility and whilst you may delegate the collection of data to a third-party payroll provider, the Key Employer Contact you nominate must be employed within your own organisation.

Please email us with the details of your nominated Key Employer Contact, including: Name, Job Title, Phone number and / or works mobile and email address to

pensions.comms@staffordshire.gov.uk

Important

We are currently working with the Fund's software provider, to establish a software solution to load the missing historic data to the Fund's administration system. Once we know more, we will contact you again, setting out the details of how the data should be uploaded.

To re-iterate, at this stage we do not require any Employers to submit this additional information to the Fund. However, it is vitally important that **all** Employers maintain the employee contractual hours history, which will be required by the Fund in the very near future.



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 [questions and answers](#) outlining the possible outcomes as well as the consultation document.

We look forward to receiving the contact details of your Key Employer Contact and in the meantime, should you have any queries you can always contact Pensions Services.

Government confirms intention to increase minimum pension age

In answer to a parliamentary question on 3 September 2020, the Government confirmed that it still plans to increase the minimum pension age from 55 to 57 in 2028 and will legislate for this in due course. This is in line with the Government's 2014 response to the consultation 'Freedom and Choice in Pensions'. The change will apply to all schemes, aside from those in the public sector that do not link their Normal Pension age to State Pension age, namely Firefighters, Police and the Armed Forces.

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