



An update for Employers of the Local Government Pension Scheme (LGPS)

Dear Colleague,

We are pleased to publish the winter edition of our Employers' Newsletter; produced to keep you informed of your responsibilities as a Local Government Pension Scheme (LGPS) employer. Inside you'll also find helpful links, the latest developments in the LGPS and any changes in the services we offer.

The McCloud Judgment



As you may be aware, the LGPS regulations will be amended following the ruling of the McCloud case.

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, this is known as the underpin.

Similar protections were provided in other public pension schemes.

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. The government has decided that the general principles established will apply to all public sector pension schemes and, therefore, it has consulted on amending the LGPS.



What does this mean?

The proposed changes would mean that a revised underpin will apply to all members, regardless of their age, who:

- Were active on 31 March 2012.
- Build up benefits in the 2014 Scheme (2015 for Scotland and Northern Ireland).
- Do not have a disqualifying break.

If the members benefits would be better, the underpin will be automatically applied.

In order to be able to assess this we will need hour changes and service breaks for those members – this will include members who have left since 1st April 2014.

What do I have to do?

We will, in due course, be requesting this information from all employers by way of a spreadsheet.

More information on this, including an FAQ and an example data collection template, can be found on the lgpsregs.org website, under the Administration resources < McCloud.

The Restriction of Public Sector Exit Payments Regulations 2020



As you will no doubt be aware this [legislation](#) (also known as the £95k Exit Cap) came into force on 4 November 2020 (and revised in December 2020).

As it stands, if the employer is covered by the cap (listed within the [Schedule](#) of those regulations), there is a conflict between these regulations and the LGPS regulations, currently in force, for certain members. Affected members are those aged 55 or over who leave on redundancy, business efficiency or where the employer chooses to waive, in whole or part, any actuarial reduction and their total exit payment exceeds £95k.

To align with the exit cap regulations, the Administering Authority will have made a decision in the interim period between 4 Nov 2020 and when the revised LGPS regulations are amended and implemented (TBC). The Administering Authority will have contacted you directly regarding this.

Changes due to the LGPS and Discretionary Compensation regulations, these changes will align the LGPS and the £95k exit cap regulations. The proposals will mean significant changes for members who are covered by the cap (capped employers) and also the Compensation regulations (reform employers). These changes may affect exit payments of less than £95,000.

HM Treasury has confirmed that for the purposes of calculating individual exit payments in relation to the £95k cap, employer national insurance contributions should not be included.



When will these revised regulations be implemented?

The earliest that the revised regulations will be implemented is likely to be March 2021.

In the meantime, you can stay updated by visiting both the [Local Government Association](#) (LGA) and [Scheme Advisory Board](#) (SAB); both of which regularly update their web pages with information regarding these topics.

Helpful resources

The SAB have provided [Guidance](#), in the form of a step by step guide, to assist employers with their obligations and decisions.

A [FAQ](#) for LGPS members can also be found on the [lgpsmembers.org](#) website.

The LGPC published an [information note for employers](#) which is available on the [Employer guides and documents](#) page of www.lgpsregs.org. You can also find links to the updated documents in the Directions and Guidance section on the [Related Legislation](#) page.

Recordings of the previous LGA Exit Payment Reform webinars, including captions, transcripts and slides can be found on the past events page of the LGA website.

Temporary promotions/acting up & Annual Allowance



Please be aware that if a member is offered a temporary promotion or additional pensionable payments, including additional responsibilities, that this can have an impact on their Annual Allowance (AA)—resulting in them incurring a possible tax charge. You would therefore need to draw this to the member's attention in the initial stages as a pensions consideration.



While it is the member's personal responsibility to check whether accepting (or applying for) a position would result in any AA implications, as the employer you must make the individual aware. This should be done before the member accepts the position.

More information on Annual Allowance (AA) can be found on the [lgpsmember.org website](#). The member may also wish to contact the Pensions team for further information.



NHS Annual Allowance Charge Compensation Policy



In November 2019, the National Health Service (NHS) England and NHS England Improvement (NHSEI) announced that clinical staff who go over their annual allowance for the 2019/20 tax year and who use Scheme Pays to pay the tax charge, can be compensated in retirement for any reduction to their NHS Pension Scheme benefits.

Clinicians in England who receive a pensions saving statement for the 2019 /20 tax year or think they may have an annual allowance charge in respect of their NHS Pension Scheme benefits, can find more information about the 2019/20 Pension Annual Allowance Charge Compensation Policy and how to apply on the NHSEI website.

NHS England and NHSEI have published resources for employers, FAQs and infographics explaining the 2019/20 Pension Annual Allowance Charge Compensation Policy on the NHSEI website.

If you employ any staff who are members of the NHS Pension Scheme, please make them aware of this information.

Employer Services Portal



The screenshot shows the 'my Scheme' login page. The header includes 'my Scheme' on the left and the 'heywood' logo on the right. Below the header, it says 'Powered by aquilaheywood'. On the left, there is a 'Help' button. The main content area is titled 'Login' and contains the following text: 'Welcome to the Employer Services application. To use this website you must be a registered user and have a valid username and password.' Below this, there are three sections: 'Not Registered?' with a 'sign up' link, 'Received your Activation Key?' with a 'complete your registration' link, and a note about contacting the pensions administrator if an activation key is missing. On the right, there is a 'Log In' form with fields for 'Username' and 'Password', a 'Log In' button, and a 'Forgotten your password?' link.

Did you know that the [Employers Services](#) portal allows employers, payroll providers and HR Providers to securely view data held by Orbis Pension Services regarding their Local Government Pension Scheme members?

The portal also provides the facility for online pension calculations such as deferred benefits, ill health retirements, death benefits, early retirements and voluntary retirements. *You would normally be able to obtain redundancy estimates, but these are currently unavailable due to the £95k cap.*

To register for this service, please email your details to pensions.communications@surreycc.gov.uk

We will send you an activation key and a guide on how to navigate the [Employer Services](#) portal.

Employer Survey Results

Along with this newsletter, we have also attached the results of the 2020 Orbis Employer survey. As well as the results of the survey, the survey report also contains answers to the most common concerns and questions.

It will also be uploaded to the Pension Fund Websites.

Extended Furlough

[The Coronavirus Job Retention Scheme \(CJRS\)](#) has been extended and will continue up to April 2021.

You can find out more about this and other Government policy announcements relating to COVID-19 in the [Economic support factsheet](#).

Please also see the [COVID-19 FAQs for Employers](#) which you may find helpful.

Reminder

Consultation on SAB guidance on new employer flexibilities

Comments on the draft guidance should be submitted by **9 January 2021** to Robert.holloway@local.gov.uk

Changes to LGPS

You can find the full updated list of discretionary policies to be determined upon by Scheme employers, administering authorities and other parties online at lgpslibrary.org/assets/gas/ew/DISCLv1.9c.pdf

The full list of discretionary policies for Scheme employers from 1 April 2014 as at 14 May 2018 can also be found on the LGA Regs website at lgpslibrary.org/assets/gas/ew/DISCPv1.11c.pdf

Universal Catch Up Premium & National Tutoring Programme

Working with colleagues from the Department of Education (DoE), the LGA has produced [a factsheet](#) on the Universal catchup premium and national tutoring programme.

As a reminder, Academic Mentors (AM), employed by local authorities are eligible to join the LGPS, as the role of the AM is not that of a teacher.

Contact Us

View your pension online:

mypension.eastsussex.gov.uk

Problem accessing the 'My Pension' portal?

 0300 200 1034

 0300 200 1031

 myhelpdeskpensions@surreycc.gov.uk

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