Guidance notes

Recording contributions & pensionable pay on the Year-end return template 2023/2024

February 2024

lgps | Local Government Pension Scheme

Contents

Overview

Employers who have not yet implemented the Pension Fund's secure data transmission service, i-Connect are required to submit a fully completed and accurate Year- End Return.

The template for the **2023/2024 Year-End Return** is now available for completion.

The information required relates to year end contributions and pensionable pay for the period **1 April 2023 to 31 March 2024**.

Your fully completed Year-End Return **must** be received by the Pension Fund at the latest, by

21st April 2024

Please ensure you complete **both** tabs on the spreadsheet which can be accessed via one of the two options.

- The Derbyshire Pension Fund website
- As an attachment to the email issued to employers in February/March 2024.

Take care not to complete a version of the year end spreadsheet which relates to an earlier year.

The data provided on the spreadsheet must be reconciled to each scheme members' totals of their:

- CARE pensionable pay (CARE Main Section and 50/50 section)
- Pension contributions (member and employer) which have been paid over to the Pension Fund and were included in your Contribution Return (CR1) submissions.

Please Note: If the totals on your year-end spreadsheet do not reconcile with the totals of your CR1 submissions for 2023/2024, it will be returned to you for amendment. It cannot be actioned until the issue has been resolved and may cause a delay in the issuing of Annual Benefit Statements to your scheme members.

Timescales

Derbyshire Pension Fund has a duty to issue Annual Benefit Statements by 31 August 2024.

To enable us to provide your scheme members with their statement you **must** submit your Year End by, at the latest, **21 April 2024**.

This deadline is critical for the following reasons:

- To assist the Pension Fund with reconciling the employee and employer contributions totals paid with information provided throughout the year on CR1 Forms

- To provide sufficient time for the Pension Fund to add data to each member's pension record and resolve any queries with employers (if required)

- To enable a full check on data used in the production of each member's Annual Benefit Statement.

Completion (Data to include and how to submit)

Your Year-End Return must reflect your employee's membership of the LGPS in Derbyshire Pension Fund between 1 April 2023 and 31 March 2024 with accurate details showing for each employee who was in the LGPS during the year;

- Up to date personal information
- Cumulative details for pay during the year (including pence)
- Cumulative totals of pension contribution (employee's and employer's)
- LGPS membership details (e.g. Joining/Leaving dates, dates of changes, period where Assumed Pensionable Pay applied etc).

One row of information per scheme member is required for each employment held during the LGPS year. (E.g. If a scheme member changed posts, a separate entry must be shown)

Individuals entered on your Year-End Return must include;

- All members who were in your employment on 1 April 2023
- All members in your employment on 31 March 2024
- Members who left the LGPS during the year (including those who opted out)
- Members employed on a casual/relief basis who had previously elected to join the LGPS but were not paid or credited with any Assumed Pensionable Pay during the year.

Before submitting your return, please check that all relevant employees have been included, and their details reflected accurately (including checking that any forms were submitted at the relevant time, but were missed in error, are included with your return – see *Data accuracy* below).

Important

Please **do not** add or remove any columns or change their order.

Please **do not** add information to any of the "hidden" columns – They are for pension fund use only.

Please **always** include the National Insurance number, even if it is a temporary number.

Please **do not** include entries for employees who left or opted out of the LGPS before 1 April 2023 (unless they rejoined or were auto-enrolled back into the scheme during the year).

Submitting your return

When submitting the Year-End Return, please ensure your Employer name is in the subject of the email and send it to: **pensions.tech@derbyshire.gov.uk**

If your organisation is not part of the government secure email domain, please ensure that your spreadsheet is sent to us securely with password protection.

Data Accuracy

It is important that accurate information is provided to the Pension Fund by the deadline.

This will mean that the Fund can update your scheme member's records promptly and make their Annual Benefit Statement available to confirm their pension position as at 31 March 2024.

It is crucial that you ensure:

- You have submitted an S1 form for staff who joined you during 2023/24
- You have submitted an L1 form for staff who left, or opted out of the LGPS, during 2023/24
- You have submitted C1, C2 and C3 forms where required.
- You have submitted application forms for any employee's paying Additional Pension Contributions (APC).

Please check your records to ensure you have submitted all necessary forms during the year. Submit any outstanding forms with your Year-End Return to avoid unnecessary queries and ensure all of your data is captured.

The LGPS Regulations allow Pension Funds to recover costs from employers as a result of poor performance. The Fund's Pension Administration Strategy includes examples of when employers may be charged if they fail to meet their responsibilities and generate additional administration costs for the Fund. These include cases where scheme employers submit late or inaccurate Year-End Returns.

The Strategy outlines the statutory responsibilities of scheme employers as well as the Pension Fund's obligations to scheme members and employers to ensure that the pension scheme works efficiently.

Year-End Return Template

Please ensure that Tab 1 (Contact Details) and Tab 2 (Year-End Employers) are completed before submitting your Year-End Return.

Tab 1 – Contact Details

Please ensure all contact details are completed.

Tab 2 – Year-End Employers

There is a description underneath each column heading to help identify the information required. This should help to minimise the number of queries which the Pension Fund returns to you.

Please ensure you fully understand the data required in each column before completing the spreadsheet. If you have any queries, please contact:

Joe Woodhouse 01629 539247 or Rachel James 01629 539250.

It is important that you enter <u>all</u> the information in the fields provided and retain the structure and format of the spreadsheet. Please leave any columns that are not relevant to your organisation blank and do not delete. Please also ensure that the date cells are formatted in English (United Kingdom).

Please ensure pay information is provided as follows:

Full-Time Equivalent Pensionable Pay (Columns AC & AD)

Columns AC and AD are critical to enable the calculation of any LGPS membership before 1 April 2014. Please complete these columns for all members as their pension record may include transferred-in membership, or LGPS membership with a different employer.

- **Column AC** (Basic Full-Time Equivalent Salary Rate)

- This column must reflect the member's full-time equivalent pensionable salary rate as at 31/03/2024, or at the date of leaving if earlier.
- The full time equivalent (FTE) pensionable salary at 31/03/2024 (as per the LGPS 2008 regulations) is required for the calculation of the members pension benefits for pre 2014 membership
- The salary rate must be adjusted where the member's contract reflected term-time only or reduced payment days/weeks
- Do not include any additional payments in this column.
- If the member has been on protected pay, please ensure the FTE rate of this protection is shown. **This should also be detailed in the Notes section.**
- Please ensure this field is not left blank.
- If a member has been on reduced pay due to sickness, injury, or child- related leave please provide the FTE pensionable pay they would have received had they been in work (i.e. Assumed Pensionable Pay).

- If there are any employees in receipt of the **Living Wage,** please quote the full time equivalent of the relevant hourly rate (applying a Term Time reduction when applicable).

    For example, (7.83 X 37 X 365)   = £15,106.31

- Where employees have left the scheme during the year, please enter the annual full time equivalent pensionable salary as at date of leaving.

- **Column AD** (Additional Pensionable Payments)

- Please provide the total of any additional pensionable payments made which are not included in the FTE salary in column AC.
- Please **only** include the additional pensionable payments which are pensionable for the calculation of pension for LGPS membership before 1 April 2014.
- Payments that should **not** be included in this column are, non-contractual overtime, additional hours, payments made in respect of accrued annual leave or any elements in respect of protected pay.

    Please **do not** enter negative pensionable payments in the year end spreadsheet. If there are any such instances these must be resolved prior to submitting the file.

Total Pensionable Pay (CARE) – (Columns AO and/or AR)

- Please provide the total of CARE Pensionable Pay from 01/04/2023 to 31/03/2024 **(column AO and/or AR if applicable)**. If member has been on **sickness, injury or child related leave (Maternity, Adoption, Paternity or Shared Parental Leave) with reduced or no pay**

please ensure you include the amount of **Assumed Pensionable Pay** *(see note below and text box on next page)* in this figure and include the relevant details in **columns AY and AZ**.

- Please note the CARE pensionable pay provided will be used to calculate each member's pension benefits for the period 01/04/2023 to 31/03/2024. CARE benefits are built up each Scheme year and it is essential that this information is accurate.
- If an employee is paying an **Additional Pension Contribution (APC)** to cover lost pay due to authorised unpaid absence <u>**do not**</u> include this amount of lost actual pay in this column but ensure you include the APC contributions in the appropriate column **(Columns O → R)**.

Assumed Pensionable Pay

- Assumed pensionable pay is a notional pensionable pay figure which is used to ensure that a scheme member's pension is not affected by any reduction to their pensionable pay due to a period of sickness or injury, or any reduction due to relevant child related leave (i.e. ordinary maternity, paternity or adoption leave, and any paid additional maternity, paternity or adoption leave). It is also applicable for members on Reserve Forces Leave.
- Where assumed pensionable pay applies, employer's pension contributions are based on the pay which an employee would have received had they not been on reduced pay (i.e the assumed pensionable pay total).
- Pension contributions, for an employee on reduced or nil pay who is credited with assumed pensionable pay, are based on the employee's actual gross pay.

The Local Government Association (LGA) have produced a bite-size training module for LGPS employers on [Assumed Pensionable Pay (APP)](#).

Assumed Pensionable Pay (APP) is applicable in the following circumstances:

- For LGPS members who go onto reduced contractual pay or nil pay in a post due to sickness or injury

- For LGPS members who go onto reduced or nil pay during a period of child related leave.

In either circumstance APP must be added to or replace the cumulative figures of the member's actual received pensionable pay for the applicable post.

APP is calculated from the last complete 12 weeks' pay (for weekly paid staff) or 3 months' pay (for monthly paid staff) prior to the date when the LGPS member, for reasons described above, moved onto reduced or nil pay, but excluding any regular or irregular lump sum payments received in that period.

That average figure is grossed up to an annual figure to which any regular lump sum payment may then be added back at your discretion.

The resulting figure is then used to determine the amount to be added to the cumulative CARE pay figure for the member whilst on reduced or nil pay for the reasons described. However, a change in regulations during 2018 (and applied retrospectively to 1st April 2014) allows employers the discretion to use the level of pensionable pay the member would normally have received if they had been at work, if the outcome of the APP calculation produces a materially lower figure.

Full guidance on pay related data, including Assumed Pensionable Pay, is available in the LGA's [HR and Payroll Guides](#) (see under HR and Payroll on the linked page).

Employer Contributions (Column W)

This must include all employer contributions including those related to Assumed Pensionable Pay as a result of sickness / injury or child related leave.

If any of the conditions below apply, please add an explanation in the notes column.

Sickness, Injury or Child-related leave *(Maternity, Adoption, Paternity or Shared Parental Leave)*

- If a member is on child-related leave, please provide the dates and unpaid period if applicable. Please ensure that a "C3 - Unpaid Absence Details" form has been submitted to the Fund for any period of unpaid leave.
- If a member is on long term absence due to sickness or injury, therefore triggering Assumed Pensionable Pay, please inform us if the contributions have been reduced due to half pay / no pay.

Casual/Relief Scheme Members (Column BA)

It is essential that all scheme members are listed on the year-end return whether they have paid contributions during the year or not. Therefore, if a member was employed on a relief/casual basis but has not been paid during the period 01/04/2023 to 31/03/2024 please enter 'not worked' in **Column BA** and ensure all columns are populated where applicable (including Full Time Equivalent Salary).

Term Time indicator (Column BB)

If the member was employed on a "Term time" or reduced payments days/weeks basis enter applicable payment days/weeks at 31/03/2024 and ensure the Full Time Equivalent Salary in **column AC** has been reduced accordingly.

Increase/Decrease to FTE Salary (Column BC)

If a member's Full Time Equivalent Salary has changed as a result of regrading, restructure or single status please state the reason in this column.

Protected Pay Indicator (Column BD)

Please indicate if member was in receipt of protected pay.

Change of Post (Column BE)

If the member has changed post, we will need an entry on the year-end return for each post. Please identify these cases with an indicator in **column BE** and ensure the dates for each post are shown in **columns S and T**.

Any additional useful notes (Column BF)

Adding information into this column which notifies the Fund of important details and explains reasons for totals provided being different to expectation, may remove the need to issue a query back to you about the employee.

i-Connect

We will have previously contacted you regarding onboarding your employer onto i-Connect which is now the standard method for employers to submit their data transmissions to the Pension Fund.

Most employers participating in the Fund now use i-Connect as their platform for securely transmitting data to the Fund.

If you have not yet commenced your employer's implementation of i-Connect, it is critical that you contact us at pensions.iconnect@derbyshire.gov.uk without delay to begin the transition to i-Connect as soon as possible.

i-Connect will remove the need to prepare and submit a Year-End Return and provide other significant benefits to you, your Local Government Pension Scheme (LGPS) members and the Pension Fund, including:

- reducing the time spent on pensions administration
- accurate data submissions
- fewer data error investigations
- reducing the need for submission of data via individual forms
- speedier responses to your employer enquiries
- user-friendly platform
- secure data transmission

Important

Please note that 2023/24 will be the <u>final year</u> that data submissions to the Fund via the Year-End Return will be possible without incurring charges.

Maintaining the resources and procedures required for the Year-End Return for employers who have not implemented i-Connect generates additional costs for the Pension Fund which may be recharged to employers.