

**TEACHERS' PENSION SCHEMES
2019/05**

WHO SHOULD READ:

- Chief Executives
- All HR and Payroll Managers
- Pension Administration Staff
- Staff who submit data to SPPA

ACTION: To read and circulate as appropriate

SUBJECT: Annual Return data requirements 2018-19

The purpose of this circular is to:

- Request Annual Return data for all active members
- Provide help and support information
- Highlight reporting requirements for members who have been on strike
- Highlight reporting requirements relating to backdated pay arrears
- Indicate schedule of relevant dates

Employing authorities are required to disclose information to enable the scheme manager to undertake its statutory duties. To allow the pension records of scheme members to be updated, SPPA requires information about all staff in active pensionable employment on 31st March each year.

The deadline for submitting **Annual and Nil Returns** is **31st May 2019**

All returns must be submitted using the STPS03 Annual Return form held on the EDM Portal. The data specification has not changed from previous years.

Failure to submit data – Pensions Regulator

If SPPA does not meet its statutory obligation to produce an annual benefit statement for all active scheme members by 31st August we are obligated to report this to the Pensions Regulator. To provide clarity to the Regulator we shall include the names of any employers who have failed to meet the 31 May 2019 deadline.

Some employers failed to submit their data by the 2018 deadline. As a result we failed to provide all active members with an annual benefit statement by the statutory deadline. We had to report this to The Pensions Regulator, who are closely monitoring this year's exercise.

Help and Support

The SPPA has updated the Annual Return bulletins that we launched in 2018. These can be found on the homepage of the SPPA website. We have also provided an Annual Return Readiness Guide and Checklist. We recommend that employers familiarise themselves with the content before they submit the data.

The Records Maintenance Team are available to support you with any enquiries that you have with this exercise. Each employer has a dedicated point of contact which was recently shared with all EDM users.

Active Lists

All employers have been sent an Active member list via EDM. This list details all the active members and contracts that we hold on our pension administration system. We urge employers to ensure they submit an **annual/nil** return for all on the list. If the member has recently left or opted out, please ensure that you submit a leaver form. If you have members that are not on the active list, please ensure that you have submitted a new starter form via EDM, as well as an annual/nil return.

Strike Days

Strike days are non-pensionable. If a member has participated in industrial action, this must be reflected in the annual return as follows:

Full Time Members – Service must be reduced by the number of days on strike. If they have had 3 days strike, the service should be reported as 362, or less if the member joined after April 2018. The pay and contributions should reflect the 362 days service.

Part Time Members – Please calculate the number of hours the member has missed as a result of industrial action. This is based on the number of hours they were contracted to work on the strike day. For example, if they should have worked 4 hours, then 4 hours should be deducted from the total hours worked. Pay and contributions should reflect the hours physically worked.

Important – Please ensure you confirm in the notes that the member was on strike and the days/hours they participated in industrial action. eg:

- 2 days strike on dd/mm and dd/mm
- 12 hours strike on dd/mm and dd/mm

Backdated pay arrears

An agreement on pay has still to be reached. SPPA circular [2015/14](#) confirms how backdated arrears should be treated in setting the member's contribution rate. This confirms that the contribution rate to be applied is the rate in force at the time the payment is made. The members contribution bandings change from 01/04/2019 and are confirmed on SPPA Circular [2019/03](#). If backdating occurs after 01/04/2019, please ensure member contributions are collected using the bands within the circular.

A similar approach is required when setting the employer contribution rate due. SPPA Circular [2019/04](#) confirms that the employer contribution rate will increase to 23% from 01/09/2019. If the arrears are paid before then, the current rate of 17.2% applies.

The deadline for the submission of the annual return is 31st May 19. If a member is due arrears of pay as a result of a backdated pay rise, you must consider whether you need to provide additional data to SPPA.

If the arrears are paid and you are able to include the arrears of pay that were due for the period **01/04/2018 to 31/03/2019** within the 2018-19 annual return, then no further information will be required. You **must not submit arrears that were due after 1st April 2019** on the annual return.

If the annual return has been submitted prior to the calculation and payment of the arrears payment, it is essential that an STPS06 amendment form is submitted. This is available on the EDM System. This form allows you to over-write the annual return with the new revised earnings and contributions for the year.

The STPS06 form should contain all information previously submitted on the annual return plus any arrears of pay due for the period 01/04/2018 to 31/03/2019. The arrears for this period should then be removed from next year's annual return to avoid double reporting:

Example

The 2018-19 Annual return was submitted on 19th April 2019 with the following information:

- Employee's Pensionable Pay - £36400

Pay award backdated to 01/04/2018, increasing new salary rate to £40040

Member due arrears of pay from 01/04/2018 to June 2019 (15 months)

Important to isolate the arrears due between 01/04/2018 and 31/03/2019

Member due £40040 from 01/04/2018, so the arrears due within the scheme year is:
£40040 - £36400 = £3640.00.

The arrears payment from April to June 2019 should not be included as that must be allocated to the 2019-20 scheme year.

Once the arrears has been isolated, you then need to work out the contributions for the backdated element, before submitting an STPS06 Amendment form.

Employer Performance Reports – Local Authorities only

We shared our employer performance reports in February 19. We continue to track the timeliness and accuracy of data and intend to share a further report later in the year which will include performance relating to the annual return exercise.

Planned Activities	Scheduled for:
SPPA will issue final reminder to Payroll Departments	20 th May 2019
SPPA will evaluate whether all returns received	1 st June 2019
SPPA will escalate non compliance	wc 1 st June 2019
Employers become liable for HMRC sanctions	6 th July 2019
SPPA will provide report to the Pensions Regulator	1 st Sept 2019
SPPA will share 2 nd performance reports to local authorities	Sept/Oct 2019

Carole Johnstone
Interim Head of Customer Services
21 March 2019

Contact information

Please contact Robin.carruthers@gov.scot if you have any enquiries about this circular.

Scottish Public Pensions Agency
7 Tweedside Park
Tweedbank
GALASHIELS
TD1 3TE

www.sppa.gov.uk
Telephone: 01896 893000



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba