

# Teachers' Pension Scheme

## 2020/04

- 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 2019-20

**Date:** 16 March 2020

### The purpose of this circular is to:

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

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 as at 31 March each year.

The **deadline** for submitting Annual and Nil Returns is **31 May 2020**. This is to ensure the SPPA has adequate time to process and plan production of Annual Benefit Statements and Annual Allowance calculations.

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.

As this year is a leap year please remember that a member can only receive a maximum of 365 days service credit in our scheme.

### 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 as off the 31 January 2020. 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 who 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.

### **Failure to submit data – Pensions Regulator**

If the SPPA does not meet its statutory obligation to produce an Annual Benefit Statement (ABS) for all active scheme members by 31 August 2020 we are obligated to report this to the Pensions Regulator. To provide clarity to the Regulator we may include the names of any employers who have failed to meet the 31 May 2020 deadline.

In 2019 a number of employers failed to submit their data by the deadline. As a result we failed to provide all active members with an ABS by the statutory deadline of 31 August 2019. SPPA therefore reported itself to The Pensions Regulator and will be closely monitored throughout this year's exercise.

For more information on your responsibilities please read this [HMRC guidance](#).

### **Help and Support**

To support timely and accurate annual returns, we have a [dedicated area](#) on our website containing important bulletins and resources designed to raise awareness of known issues. This is currently being updated for 2019-20. Full guidance on completing the annual return is also provided. Employers should use these resources in preparation for their annual returns.

The Data 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 via EDM.

### **Useful Guidance**

#### **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 2019. 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 to dd/mm

## Backdating pay arrears for 2018-2019

If you paid the backdated pay arrears after 1 April 2019 and subsequently issued us with a STPS06 amendment form for then you need to ensure you remove these arrears from your 2019-2020 annual return to avoid double reporting. If you paid arrears after 1 April 2019 and did not send us a STPS06 form you need to do so now. Do not include backdated arrears payments for 2018-2019 in the 2019-2020 annual return.

The deadline for the submission of the annual return is the 31 May 2020. If a member has arrears of pay as a result of a backdated pay rise, you must consider whether you need to provide additional data to SPPA.

If you are required to make payments after April 2020 related to the previous financial year, we would expect you to complete an STPS06 amendment form or adjust your annual return prior to submission.

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 1 April 2019 to 31 March 2020. 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 19 April 2019 with the following information:

Employee's Pensionable Pay - £36,400

Pay award backdated to 1 April 2018, increasing new salary rate to £40,040

Member due arrears of pay from 1 April 2018 to June 2019 (15 months)

Important to isolate the arrears due between 1 April 2018 and 31 March 2019

Member due £40,040 from 1 April 2018, so the arrears due within the scheme year is:  
 $£40,040 - £36,400 = £3,640.00$ .

The arrears payment from April to June 2019 should not be included in last years 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.

### **Member and employer contributions**

The member contributions bandings will change from 1 April 2020. A further circular will confirm what the changes are in due course. The employer contribution rate also changed from 1 September 2019 and can be found on SPPA Circular 2019/04.

### **i-Connect Implementation**

The SPPA will be implementing the Heywood i-Connect Data Management Portal in 2020-2021. The i-Connect payroll extract file specification will be released soon along with a circular providing a link to the guide and a proposed timetable for launch. In the meantime if you have any enquiries relating to i-Connect please email [sppaconnect@gov.scot](mailto:sppaconnect@gov.scot).

### **Employer Performance Reports – Local Authorities only**

We will shortly be sharing employer performance reports 2018-2019. We continue to track the timeliness and accuracy of data and intend to share a report for each authority on an annual basis.

### **Planned Activities:**

- we will issue final reminder to Payroll Departments from 18 May 2020
- we will evaluate whether all returns received 31 May 2020
- we will escalate non-compliance from 1 June 2020
- Employers will become liable for HMRC sanctions on 6 July 2020
- we will provide report to the Pensions Regulator on 1 Sept 2020
- we will share performance reports (local authority only) from November 2020

Thank you for your continued cooperation with this matter. In recent years our collaborative approach to this exercise has resulted in a year on year increase in the total number of Annual Benefit Statements issued. With your ongoing help, our intention is to meet the target set by The Pensions Regulator and have 100% of active members statements issued by 31 August 2020.

### **Any questions?**

Please contact [michelle.hogg@gov.scot](mailto:michelle.hogg@gov.scot) if you have any enquiries about this circular.

### **Dev Dey**

Head of Customer Services  
16 March 2020

