

**SCOTTISH TEACHERS' SUPERANNUATION SCHEME
2011/13**

WHO SHOULD READ: Local Authority HR and Payroll Managers
Local Authority staff who submit data to SPPA

ACTION: Read and take action as appropriate

SUBJECT: Clarification of Pension returns (TSS2/TSS4) requirements arising from SNCT Pay and Conditions Agreement 2011 (Effective from 1 September 2011)

The purpose of this circular is to:

1. confirm what changes if any are required to reporting of pensionable service to SPPA
2. outline a consistent approach to calculate hours worked for part-time local authority teaching staff, to report to SPPA
3. provide step by step guidance for reporting process
4. recommend appropriate action

This guidance has been designed in partnership with Falkirk Council and CoSLA.

1. Confirmation of reporting of pensionable service to SPPA

SNCT Pay and Conditions Agreement 2011 implemented a change to:

1. the accrual rate for holiday pay and
2. differentiation between the rate of pay teachers on short-term supply being pro rata at BT1 for each engagement (£25,716) and at their main grade rate (£25,716 to £34,200) while employed on a fixed term basis.

As a result, SPPA in partnership with Falkirk Council and CoSLA, have examined what, if any, changes are required to the way in which pensionable service for part-time staff is reported to SPPA.

Outcome - we can confirm that no change is required to the Annual Returns and Leavers reporting process for the following:

- (a) Full time staff should continue to be reported as Basis 1 (365 Days) maximum, or the whole time equivalent for the service in the period to 31 March each year
- (b) Part-time staff should continue to be reported as Basis 7 (1365 Hours) as standard

If you are not reporting in this way currently, please see 4, Recommended action.



2. Consistent approach to calculating hours/days worked

As a result of our investigation into the impact of the SNCT changes, a potential inconsistency in how part-time hours of service are being calculated has been discovered. This could lead to a decrease in service (or hours worked) being reported to SPPA.

We found that hours worked (or pensionable service) are calculated using the remuneration uprated against the main grade salary (£34,200). With the introduction of short-term supply being paid at a lower salary grade of £25,716, this change in salary would need to be reflected in the way in which pensionable service is calculated.

Following discussion with Falkirk Council and CoSLA, we have determined the approach to ensure consistency across all Local Authorities for the calculation of hours worked for part-time teaching staff.

3. Step by step guidance

The following will guide you through the Annual Returns and Leavers reporting process outlining the recommended approach for calculating hours worked for part-time teaching staff, following the implementation of the SNCT Pay and Conditions Agreement 2011 (effective from 1 September 2011).

Year 1 process. As this change was introduced mid way through the reporting year, it is necessary to calculate the actual hours worked to 31 August 2011 using the original accrual rate of 1827. The new accrual rate of 1645 should be used from 1 September 2011, as outlined in our example below. The periods up to and following the effective date should be reported as one line on either the TSS2 or TSS4 i.e. basis 7/1365 ft hours.

Step 1: Remuneration calculation by Local Authorities

The first step in the process to report Annual Returns or Leavers is to calculate the remuneration. **Fig 1** below is an illustration of how to arrive at pensionable salary received (P8) and part-time hours (P11).

Fig1 : Example: Earnings calculations and pensionable salary received

(a) Short-term supply earnings

- Pay **300** hours paid at BT 1 = £25,716/1,645hours x 300 hours = £4,689.85
- Accrued Holiday Pay 61.53 hours paid at BT 1 = £25,716/1,645hours x 61.53 hours = £961.89
- Total £5,651.74 (i.e. £4,689.85 plus £961.89)

(b) Fixed term temporary earnings

- Pay **500** hours paid at (main grade rate) BT 6 = £34,200/1,645hours x 500 hours = £10,395.14
- Accrued Holiday Pay 102.55 hours paid at BT 6 = £34,200/1,645hours x 102.55 hours = £2,132.04
- Total £12,527.18 (i.e. £10,395.14 plus £2,132.04)

Pensionable salary received (P8) £18,178.92 (i.e. £5,651.74 + £12,527.18)

Part-time hours (P11) **800**

We appreciate that different payroll systems may result in different ways of calculating part-time hours. However, if you arrive at the same result as in this example, you can be assured that the correct information is being reported to SPPA.



Step 2 : Reporting of pensionable salary and part-time hours by Local Authority payroll

To calculate a figure for a pension event, SPPA require details of pensionable salary received (P8) and part-time hours (P11). Using the example in **Fig 1**, once earnings have been calculated, the employer will submit the following data using the current Annual Return or Leaver (TSS4/TSS2) process.

- pensionable salary received (P8) = £5,652 + £12,527 = £18,179 (see **Fig 1**)
- part-time hours (P11) = 800 (see **Fig 1**).

Step 3: Reporting of salary rate

The salary rate you should return is the salary rate for main grade job. This will be used for the calculation of Annual Benefit Statements.

Step 4: Service conversion of hours to days by SPPA

On receipt of part-time hours data, SPPA convert P11 hours to 365 days equivalent:

- $P11/1,365$ (part-time hours divisor) x 365 days
- $800/1,365 \times 365$ days = 214 days (reckonable service)
- 214 days will be added to the teacher's pensionable service record.

Step 5: Up-rating of service

The next step is for SPPA to uprate part-time regular and irregular members. All calculations requiring the uprating of part-time regular salaries have, from August 2008, consistently been made by dividing the member's pensionable salary received by the reckonable service for that period, multiplied by the qualifying service:

- $P8$ (pensionable salary received)/reckonable service x 365 (qualifying service)
- $£18,179/214 \times 365 = £31,006$.

4. Recommended action

We ask that you compare your procedures to those outlined in **Fig 1**. Should the resulting part-time hours (P11) using your procedures differ from those in **Fig 1**, please contact our Data Manager, Brian Casson to discuss your particular circumstances.

Ian Clapperton
Director of Operations
21 December 2011

Contact Information:

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