



Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 110 – December 2013

This month's Bulletin contains a number of general items of information.

Please contact Mary Lambe with any comments on the content of this Bulletin or with suggestions for other items that might be included in future Bulletins. [LGPC contacts](#) can be found at the end of this Bulletin.

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LGPS 2014

Draft LGPS (Transitional Provisions and Savings) Regulations 2014

The delay in laying and making the LGPS (Transitional Provisions and Savings) Regulations 2014 has resulted in DCLG circulating a 'near-final' version of these draft regulations to pension managers, fund actuaries and pension administration software suppliers. DCLG have confirmed that these draft regulations have been shared for information only and must not be published or disclosed without their permission. They went on to confirm that this circulation does not constitute a further statutory consultation.

LGPS 2014 Payroll and HR Guides

Updated versions of both the [Payroll and HR guides](#) were made available on the 17 December 2013 with some additional minor amendments made 31 December 2013.

In [Bulletin 106](#) we outlined that the Local Government Pension Committee (LGPC) secretariat released Payroll and HR guides in September 2013 and that these guides cover the minimum additions and/or changes needed by employers to effectively manage the new LGPS from April 2014.

Since these guides were released the LGPS Regulations 2013 have been made and laid by Parliament and the guides required updating to bring the content in line with these regulations. More fundamentally the guides also required updates to cover areas provided for in the draft LGPS (Transitional Provisions and Savings) Regulations 2014. However given that these regulations are still in draft form and in the final stages of being agreed it's difficult to provide a definitive position.

Given the need for information the LGPC Secretariat has updated both guides based on the laid LGPS Regulations 2013 and our current understanding of the provisions to be contained in the Transitional Regulations. We have provided access to these updated guides in the form of PDF documents showing the tracked changes and these can be found at <http://www.lgpsregs.org/index.php/guides-and-publications>.

Work is underway to amend the online guides to reflect the changes shown in these PDF versions. Although the Transitional Regulations have not yet been made and laid before Parliament, it is our understanding that they will reflect the tracked changes shown in the PDF guides.

LGPS 2014 Terminology Document

Details of a terminology document to help communicate scheme changes for LGPS 2014 were included in [Bulletin 108](#). Further updates to have been made to this document and take into account the LGPC Secretariat's current understanding of the provisions included in the draft LGPS (Transitional Provisions and Savings) Regulations 2014. To view both a tracked changes and clean version of this document please visit <http://www.local.gov.uk/web/lgaworkforcepensions/lgps2014comms>.

LGPS 2014 Communication Plan

An updated LGPS 2014 Communications Plan (version 5) was recently published on the LGA's website at <http://www.local.gov.uk/web/lgaworkforcepensions/lgps2014comms>. It includes updates to release dates on communication items relating to protections for existing scheme members (video and leaflet) as well as the benefit modellers for LGPS 2014.

The Pensions Regulator Consultation on draft Codes of Practice

On the 10 December 2013 the Pensions Regulator (tPR) published a consultation on draft codes of practice for public service pension schemes to meet governance and administration requirements set out in the Public Service Pensions Act 2013.

TPR is also consulting on a draft regulatory strategy describing how it will educate and enable public service schemes to meet the standards of practice outlined in the code; but where necessary taking enforcement action to ensure the underlying legal requirements are adhered to.

The closing date for responses to the consultation is 17 February 2014 and information on these consultations can be found at <http://www.thepensionsregulator.gov.uk/doc-library/regulating-public-service-pension-schemes.aspx>. The LGPC secretariat intends to respond to this consultation and in addition work is being undertaken by the Governance and Standards sub-committee of the Shadow Scheme Advisory Board to provide a consultation response to tPR as well as identifying areas where LGPS specific guidance (which isn't provided by tPR) will be required. As yet no specific training events are planned by the LGPC secretariat on new governance arrangements but the new provisions on governance will be incorporated in any future regular training events where this topic is referred to.

Separate Scheme Query

At the Pensions Managers' Conference in Torquay in November 2013 the issue of whether HM Revenue and Customs (HMRC) considered the new LGPS from April 2014 to be a separate scheme for tax purposes was referred to as part of the LGPC Secretariat's presentation. It was noted that if HMRC were to consider the career average scheme to be a separate scheme for tax purposes then this would have a significant impact on scheme valuations, annual allowance calculations and accountancy procedures to name but a few of the potential issues. DCLG informed the LGPC Secretariat in December 2013 that HMRC now accept the new 2014 Scheme is **not** a separate scheme for tax purposes. Written confirmation of this decision has been requested by DCLG from HMRC and once received will be uploaded to www.lgpsregs.org.

News and Updates

Automatic Enrolment Guides

An updated version (v5.5) of the automatic enrolment full guide (both a tracked and clean version) was uploaded to the LGA website recently and can be accessed via the Technical Guides section of our website see <http://www.local.gov.uk/web/workforcelibrary/technical-guides>. The main changes relate to:

- changes introduced by the Automatic Enrolment (Miscellaneous Amendments) Regulations 2013 i.e. changes to the timescales for the provision of information to employees (from 1st April 2014), to the statutory requirements relating to the payover of pension contributions to the Pension Fund, and some technical changes to the requirements relating to opt out forms, and
- simplification of the rules governing the certification of a qualifying scheme.

In addition the brief automatic enrolment guide (v3) has also been updated to reflect these changes and is available at <http://www.local.gov.uk/web/workforcelibrary/technical-guides>.

Pensions Bill 2013-14

The Pensions Bill had its Second Reading in the House of Lords on 3 December. The LGA briefed Peers in advance about concerns over the impact it would have, in its current form, on public service pensions, including the LGPS. The LGA's position and arguments were utilised in the debate, including by Lord Whitty (Lab) and Lord German (Lib Dem). A commitment from government was also secured in the debate for a meeting between the LGA and HM Treasury (HMT) to discuss our concerns, and a productive meeting was held with HMT on 17 December.

The House of Lords committee stage started on 16 December and is expected to conclude in early January. The LGA has put forward suggested amendments to the Bill to manage the cliff edge which could potentially occur in April 2016 with the increase in National Insurance Contributions for both employees and employers. These include a number of practical solutions including a possible deferral of the ending of contracting out for public service pension schemes or a cash injection by Government into fund deficits.

In early January, LGA will also attend a roundtable discussion on the impact of the Bill for public service public schemes. This roundtable is being organised by DWP and LGA hope to use this opportunity to discuss in further detail the practical solutions we believe can ease the potential financial consequences of the Bill for LGPS employers and members. Attendees from HMT, DCLG and the House of Lords are also expected to participate in the roundtable.

Autumn Statement 2013

The Chancellor, George Osborne, delivered his Autumn Statement on 5 December. The announcements included the following:

State Pension Age (SPA)

Section 26 of the Pensions Bill contains legislative proposals for regular reviews of SPA. This review mechanism was first announced in DWP's White Paper published in January, 'Single-tier pension: A simple foundation for saving'; the Autumn Statement provided further detail on the review process. It sets out a core principle that, on average, people should expect to spend one third of their adult life in receipt of the state pension and this is likely to mean that an increase in SPA to age 68 is brought forward from the current date of 2046 to the mid 2030s, and that a further increase to age 69 might be expected in the late 2040s. The exact timing will be determined by the outcome of future statutory reviews, the first of which is to be completed by May 2017.

State pension

Basic state pension will rise in April 2014 by £2.95 a week, increasing in line with the triple lock (the higher of average earnings growth, inflation or 2.5%).

Individual Protection 2014

Individual Protection 2014 (IP14) will be introduced, offering individuals protection from the 6 April 2014 reduction in the Lifetime Allowance from £1.5 million to £1.25 million. Individuals with IP14 will have a lifetime allowance of the value of their pension savings on 5 April 2014, subject to an overall maximum of £1.5 million. Legislation to implement this will be included in the Finance Bill 2014.

Consultation on draft LGPS (Offender Management) Regulations 2014

On the 16 December 2013, DCLG issued a consultation on the draft LGPS (Offender Management) Regulations 2014. These draft regulations facilitate the continued

participation in the LGPS by employees engaged in the provision of probation services when they are transferred to the National Probation Service or a Commercial Rehabilitation Company. The regulations provide for all probation service employees (past and present) to be administered by one administering authority (the Greater Manchester Pension Fund) as well as the past service liabilities to also be transferred to that authority.

The consultation closes on the 10 February. For full details visit, <https://www.gov.uk/government/consultations/transforming-rehabilitation-programme-and-the-local-government-pension-scheme>.

Late Retirement GAD Guidance - update

In [Bulletin 90](#) it was noted that the LGPC Secretariat had contacted DCLG requesting clarification as to whether [GAD guidance on late retirement](#) (issued 14 February 2012) should apply to deferred members who ceased active membership before 1 April 2008 and who defer drawing their deferred benefits until after age 65, given that the guidance only referred to regulations 17(2) and 29(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and made no mention of the LGPS Regulations 1997.

DCLG have recently responded with a view from GAD which states that the GAD guidance on late retirements issued 14 February 2012 also applies to deferred members who left service before 1 April 2008 (under the 1997 regulations). GAD went on to confirm that the guidance was always intended to apply to all new late retirement cases from 14 February 2012; however, they appreciate that the guidance only refers to late retirements under the 2008 regulations when in fact a reference to the 1997 regulations should have also been included for completeness.

GAD announcement on broad comparability

The Government Actuary's Department (GAD) issued an announcement on 27 November 2013 in respect of broad comparability work carried out by GAD for the LGPS in England and Wales. To read this announcement please visit:

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/261827/ ST_T029_Important_Announcement_27_November_2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/261827/ST_T029_Important_Announcement_27_November_2013.pdf).

Salary Sacrifice - mobile phones

You may already be aware that in February 2012, HMRC revised its definition of a telephone to include smart phone devices. You can find further information in the [HMRC announcement](#) and [updated guidance](#).

Scheme Reconciliation Service Request Form

From April 2014 HMRC will be offering a Scheme Reconciliation Service, to enable pension scheme administrators to reconcile the contracted-out membership and GMP information held on scheme records against the information held on HMRC records, in advance of the ending of contracting-out in April 2016.

HMRC will not start to provide scheme reconciliation data until April 2014. However, scheme administrators can request the service for the schemes which they administer now.

The HMRC website has been updated with more information on the new service and an on-line request form can be found at <http://www.hmrc.gov.uk/news/srs-coeg.htm>.

For the latest news and updates for pension schemes from HMRC visit <http://www.hmrc.gov.uk/pensionschemes/news.htm>.

Useful Links

[LGA Pensions page](#)

[LGPS members' website](#)

[LGPS 2014 members' website](#)

[LGPS Advisory Board website](#)

[LGPS 2014 Regulations and Guidance website](#)

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in England and Wales, and Scotland.

[Qualifying Recognised Overseas Pension Schemes](#) approved by HMRC and who agreed to have their details published.

[The Timeline Regulations](#)

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