



Local Government Pensions Committee  
Secretary, Jeff Houston

## **LGPC Bulletin 116S – June 2014**

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

Please contact Mary Lambe with any comments on the contents 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.

This month's [Bits and Pieces](#) includes information on [LGPC Circulars](#).

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## **LGPS 2014**

### **LGPS (Amendment) Regulations Consultation - Governance**

On the 23 June 2014, DCLG commenced a consultation on the draft LGPS (Amendment) Regulations 2014 which cover the establishment and operation of local pension boards and the Scheme Advisory Board, as required by the Public Service Pension Scheme Act 2013. The consultation can be found on the [Government's website](#). Responses to the consultation are invited by the 15 August 2014.

### **HR, Payroll and Administration Guides**

To reflect the changes in the method of apportioning the underpin amount between Part B2, Part C and Part D2 membership for the purposes of the 85 year rule the following papers were updated and issued on 6 June 2014:

- Underpin Paper (version 1.3)
- 85 year rule paper (version 1.6)
- Practitioners' guide (version 2.2)

In order to clarify that a member with a pre-2014 AVC contract, where they have elected to pay a percentage of their pay, should pay that percentage based on their pre-2014 definition of pensionable pay each pay period the following guides were updated and issued on 6 June 2014:

- HR Guide (version 3.2)
- Payroll Guide (version 3.1)

A number of updates were also made to the Additional Pension Contributions (APC) Guidance paper (version 1.2 - issued 6 June 2014).

Updates were made to the Survivor Benefits paper and version 1.3 was issued on the 4 July 2014.

These updated guides are all available from the [LGPS regulations website](#).

The Secretariat is updating the Discretions Policies paper and version 1.3 of this will be issued shortly.

### **AVCs**

The latest AVC scenarios paper (version 7) is available on the [LGPS regulations website](#). Initially version 6 of this paper had been issued to DCLG seeking their agreement on the various scenarios which are outlined in the paper. The Technical Group at its meeting on 13 June 2014 took the view that confirmation from DCLG is not required and the position outlined in the LGPC paper should be followed by administering authorities. The LGPC secretariat are also aware of discussions between DCLG and HM Treasury on the provisions relating to AVCs in the LGPS in England and Wales following the recent "Freedom and Choice in Pensions" consultation. As yet no further details are available.

## **LGPS 2015**

### **LGPS (Scotland) Regulations 2014**

The LGPS (Scotland) Regulations 2014 [SSI 2014/164] were made on the 5 June and laid before the Scottish Parliament on the 9 June 2014. These regulations for the new LGPS in Scotland from 1 April 2015 will be made available online by the LGPC secretariat in due course. In the meantime they can be found on the [Government's legislation website](#).

### **LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014**

The Scottish Public Pensions Agency (SPPA) commenced a consultation in June on the draft LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014. The consultation document, accompanying consultation letter and annexes A & B can be found on the [SPPA website](#).

SPPA have informed the LGPC secretariat that draft regulation 8(1) is incomplete and consideration will be given to including the relevant bodies prior to amending the draft. In addition draft regulation 24(4) requires amendment to include reference to the Scottish Environment Protection Agency (and possibly others). Responses to this consultation are invited by 7 August 2014.

## **Shadow Scheme Advisory Board**

### **Shadow Advisory Board Valuation Summary and Full Report**

The Shadow Scheme Advisory Board issued a summary and detailed report on the 2013 LGPS fund valuations on 13 June 2014. Both these documents can be found on the [Shadow Board's website](#).

### **Shadow Advisory Board Chair's address to 2014 LGPC Conference**

The chair of the Shadow Scheme Advisory Board, Joanne Segars made a keynote address on 20 June 2014 at the LGPC's annual conference. To read the address please visit the [Shadow Board's website](#).

### **Shadow Advisory Board Ill-health Review**

The Administration and Communications sub-committee of the Shadow Scheme Advisory Board has prepared a paper which was considered by the Board on 9 June 2014. The [paper](#) (see agenda item 8 - appendices) set out a range of options for changes to the ill health arrangements under the LGPS in England and Wales (including the pros and cons of each option). The Board has asked the sub-committee to undertake further work to narrow the options down and report back to the Board to further progress the review of ill-health in the LGPS in England and Wales.

## **Other News Items**

### **GAD - Broad Comparability Announcement**

On 1 July 2014 GAD issued an announcement regarding broad comparability. Two documents were released, the first "Actuarial assumptions for broad comparability assessments" sets out the actuarial assumptions which are used by GAD in carrying out broad comparability assessments under the Government's new Fair Deal policy issued in October 2013. The second "Changes to the passport certificate system for broad comparability" details changes being made to the broad comparability passport certificate

system operated by GAD under the new Fair Deal policy. For further details please see the [Government's website](#).

### **Councillors' Guides - England and Wales**

An updated version of the "Guide to the LGPS for Eligible Councillors" as well as an update leaflet on the position for councillor members of the LGPS in England following changes introduced on 1 April 2014 were released in June. This includes background details on the changes to councillors' pensions in England, the impact of these changes on councillors' access to the LGPS and the options available to councillors' on leaving the scheme.

In addition the introductory leaflet to the LGPS for eligible councillors in England and Wales has also been updated and now only covers Councillors in Wales given the changes introduced on 1 April 2014. These three documents are available on the [LGA's website](#).

### **LGPS Scotland - Employee Guides**

Please note that the full and brief guide for employees in Scotland have been updated to reflect the recent royal assent of the Pensions Act 2014. The Act legislated for the acceleration of SPA from age 66 to 67 for both men and women between 6 April 2026 and 5 April 2028. This was originally announced as part of the Autumn Statement 2011 and the Pensions Act 2014 means that this change is now contained within schedule 4 of the Pensions Act 1995. In addition to the updates to reflect this change, page numbers have been added to the full guide. These updated versions as well as tracked changed version are available on the [LGA website](#).

In addition the following leaflets have been updated:

- Choice and Joining
- Leave of Absence and the LGPS
- Increasing your Benefits
- Leaving your Job before Retirement
- Life Cover – protection for your family
- Your LGPS retirement benefits
- Pensions and Divorce or Dissolution of a Civil Partnership
- Help with Pension problems

Updated guides for councillors in Scotland will be issued shortly.

### **Freedom and Choice in Pensions - Consultation Response**

The LGA/LGPC's response to HM Treasury's "Freedom and Choice in Pensions" consultation (announced as part of the 2014 Budget) has been uploaded to the [Drafts and Consultations](#) page of the LGPS regulations website.

### **Recovery of Public Sector Exit Payments**

In May 2014 the government announced that the Small Business, Enterprise and Employment Bill will include legislative provisions to ensure exit payments are recovered when high earners return to the same part of the public sector within twelve months of leaving. A consultation paper has now been issued and is available on the [Government's website](#).

The consultation paper outlines the government's proposal to underpin exit payment recovery across the public sector. The government expects any changes brought about as part of this consultation to support existing or ongoing changes to exit payment arrangements to ensure they are fair and promote value for money more widely.

The government would like to gather views on its proposals and would particularly, but not exclusively, be interested in hearing from:

- bodies within the scope of this policy
- public sector employers and their representative bodies
- employees and their representative bodies
- members of the academic community with expertise in this area
- pay, pension, remuneration and HR professionals in both the private and public sectors
- anyone else who may be impacted by this consultation.

The consultation closes on the 17 September 2014 the government will consider all responses and publish a summary of these responses and decide on how best to achieve its aims in relation to the proposals set out in this consultation.

### **The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 – Government response**

On 3 July 2014 the Government issued its [response](#) to the consultation on the draft Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.

The original consultation ran from 10 December 2013 to 17 February 2014 and sought views on the draft regulations which:

- a) set out the records that public service pension schemes covered by the Public Service Pensions Act 2013 would be required to keep from April 2015, and
- b) amended Regulation 16A of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996 No. 1715) to remove an exemption to the late payment reporting requirements for public service schemes.

### **Pension Schemes Bill**

On 26 June 2014 the first reading of a new bill, "Pension Schemes Bill" took place in the House of Commons. In relation to the LGPS the Bill provides for HM Treasury to make regulations to ban transfers from public service pension schemes (Section 13). Any specific requirements for the LGPS would eventually be made through a future amending Statutory Instrument. The LGA continues to lobby DCLG and HM Treasury as to whether the intention is to include the funded LGPS in the ban on transfers from public service pension schemes. For more details on this Bill please visit [Parliament's website](#).

### **Actuarial Guidance to accompany the LGPS (Offender Management) (Amendment) Regulations 2014**

In [Bulletin 115](#) details on the recently laid and made LGPS (Offender Management) (Amendment) Regulations 2014 was included and reference was made to actuarial guidance expected from DCLG/GAD. This guidance was issued on 1 June 2014 and details the calculation of the transfer of assets between LGPS funds. The guidance is available from the [LGPS Regulations website](#).

### **HMRC Scheme Reconciliation Service**

[Bulletin 110](#) included information on the introduction of a Scheme Reconciliation Service by HM Revenue and Customs (HMRC). As advised in [Bulletin 115](#) an update has now been published (9 May 2014) on this new Scheme Reconciliation Service for contracted-out pension schemes including the provision of data, the process for raising queries and information relating to contributions and earnings. For further information please visit [HMRC's website](#). It is recommended that administering authorities sign up for this service

as soon as possible as HMRC will deal with registrations on a first come first served basis. Administering authorities will need to ensure that HMRC records match theirs i.e. that HMRC records do not show the Fund as holding a GMP for a member who is not in the Fund or for whom the GMP liability had been transferred out, or incorrectly show that the Fund is responsible for a GMP accrued between X date and Z date when, in fact, the Fund is only responsible for a GMP accrued between Y date and Z date, or that there is no GMP liability in the Fund for a scheme member when, in fact, there is (e.g. from a transfer in to the Fund which included a GMP), etc. Failure to reconcile GMPs before the end of 2018 could leave the Fund potentially holding responsibility for an incorrect GMP or responsibility for paying PI on the full pension when, in fact, there is a GMP. A case can certainly be made for Pension Sections to employ additional temporary staff to undertake this exercise as the cost would be offset by longer term savings e.g. putting PI on full pension when, in fact, there should be a GMP (with no increases on the pre 6 April 1988 GMP and no increases above 3% on the post 5 April 1988 GMP) will lead to additional pensions increase payments that are not due. The savings made from preventing those long-term overpayments should offset the cost of the additional temporary staff.

If administering authorities have any feedback on the reconciliation service the LGPC secretariat would be grateful if these could be shared to allow us to feedback to HMRC the current experience of this service.

### **Officer Advisory Group of the LGPC**

The LGPC agreed on 9 June 2014 that, consequent upon the winding up of the separate LGPC Officer Advisory Group, officers should attend the LGPC meetings in an advisory capacity. The Technical Group has nominated Bob Claxton (London Borough of Wandsworth), Janet Caiazzo (Staffordshire Pension Fund) and Kevin Gerard (Dyfed Pension Fund). NILGOSC will nominate one representative for Northern Ireland, and COSLA or SPLG or the Technical Group will nominate one representative for Scotland.

### **Pensions Ombudsman Corporate Plan 2014-2017**

In June the Pensions Ombudsman (PO) published the corporate plan for 2014 to 2017. The PO has outlined that three of its key priorities for the next year include sharing more about the decisions they make, becoming a more accessible organisation and becoming more flexible in the ways they communicate. For a full version of the plan including their performance targets please visit the Corporate and Policy section of the [Pensions Ombudsman's website](#).

### **New State Pension Communication Forum**

The LGA has been invited by DWP to take part in a Stakeholder engagement forum. This group, set up by DWP and comprised of employer representative organisations, citizens advice groups and pension trade organisations, is tasked with assisting DWP in the identification, shaping, delivery and evaluation of communications and products for the introduction of the new State Pension Scheme and associated changes.

In particular the LGA is keen to ensure that any messages developed for citizens considers carefully the risk of opt-outs or increases in the number of LGPS members electing for the 50/50 section of the scheme given the removal of the contracting-out rebate. If administering authorities have ideas, comments or feedback from scheme members in relation to the abolition of contracting-out and the introduction of the new State Pension Scheme please email [Mary.Lambe@local.gov.uk](mailto:Mary.Lambe@local.gov.uk).

## **Amendment to the Public Service Pensions (Valuation and Employer Cost Cap) Direction 2014**

In June HM Treasury issued the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Direction 2014 order. Details can be found on [LGPS regulations website](#).

## **HMRC Newsletter Number 63**

HMRC released newsletter number 63 on 3 July 2014 covering the topics of:

- Pension Schemes Services forms converting to iForms
- Individual Protection 2014
- An update on Fixed Protection 2014
- Qualifying Recognised Overseas Pension Scheme – form APSS262
- Registration figures
- Relief at source

The newsletter is available from the [HMRC website](#) (news item 3 July 2014).

## **Bits and Pieces**

### **Circulars**

[Circular 282](#) was issued in June 2014 and covers clarifications to information previously included in [Circular 277](#) (issued March 2014) relating to ill-health certification in the Career Average scheme from April 2014.

[Circular 283](#) was also issued in June 2014 and covers absence due to a trade dispute. It covers the position for employers in England and Wales and is updated in line with the requirements of the LGPS Regulations 2013. [Circular 253](#) issued in November 2011 continues to apply to employers who participate in the LGPS in Scotland in relation to absences due to a trade dispute.

### **Circular 284**

[Circular 284](#) was issued on 4 July 2014 and details the forthcoming training events being delivered by the LGPC in Scotland due to the forthcoming introduction of LGPS 2015 on 1 April 2015. The events taking place in September 2014 are aimed at assisting employers to understand the new career average scheme and are particularly relevant to staff dealing with the day-to-day administration of the LGPS (e.g. payroll, HR etc.). The events are taking place over the following dates and venues:

- 16 September 2014 - Glasgow Marriott Hotel
- 23 September 2014 - Aberdeen Copthorne Hotel
- 25 September 2014 - Edinburgh Apex City Hotel

For further details please read [Circular 284](#) and to make a booking please visit the [LGA's website](#).

## **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.

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

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

[The Timeline Regulations](#)

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## Distribution sheet

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