

Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 136 – October 2015

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

Please contact [Lorraine Bennett](#) 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.

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LGPS England and Wales

Annual Benefit Statements 2014/15

The LGPC secretariat has received a letter from Joey Patel, Policy Lead at the Pensions Regulator, regarding the provision of annual benefit statements. The letter, which was forwarded to Funds in England and Wales by email on October 9th, said:

Thank you for outlining the issues faced by Local Government Pension Scheme (LGPS) funds for England and Wales in meeting the legislative deadline for providing annual benefit information statements to members.

The Pensions Regulator recognises the significance of the public service pension reforms, including the requirement to redesign benefits and new requirements about governance and administration.

We are aware that LGPS Funds, like all public service schemes, face a significant task in implementing the major reform of their benefit design, establishing new governance arrangements and putting in place systems to deal with the administration of the new and transitional arrangements while maintaining and integrating their legacy systems.

However, as you are aware, all public service schemes must be governed and administered in accordance with the requirements of the law. We therefore expect those involved in the governance and administration of public service schemes to comply with the law and strive to deliver good outcomes for members. It is vital that members are provided with information on their pension benefits so that they have a clear understanding of their financial position and can make informed decisions.

Where a legal duty relevant to the administration of the scheme has not been, or is not being complied with, certain people (including scheme managers, pension board members and those involved with administering the Funds) are under a duty to report breaches of the law to us if they consider that the breach is likely to be of material significance to us.

Some LGPS Funds have already contacted us to report a breach of the requirement to issue benefit information statements in accordance with the deadline stipulated in the Public Service Pensions Act 2013 (31 August 2015). Where the cause of the breach is explained as being due to significant data and IT system issues faced by Funds and Fund employers, we are minded to advise those Funds that we expect them to issue the statements as soon as possible and by the 30 November 2015 at the latest. As a matter of best practice, we also expect LGPS funds to take steps to inform affected members of the delay and when they can expect to receive their benefit statement.

Where these Funds are unable to meet this timeframe, they will need to provide us with further information, including their plan of action for remedying the breach. Plans will be considered on a case by case basis and we will consider what action to take if satisfactory plans are not in place.

However, where the breach arises for other reasons, or in conjunction with other issues, we will consider whether a different response is appropriate in accordance with our Compliance and Enforcement Policy.

Where other Funds are in breach of the requirement and have not yet considered whether or not the breach must be reported to us, scheme managers, pension board members and those involved with administering the Funds will need to consider whether they must do so, whether or not they anticipate that benefit information statements will be issued by 30 November 2015.

Our Public Service Code of practice provides guidance on judging whether a breach needs to be reported, and if so, how to report a breach of law, and our compliance and enforcement strategy outlines our approach in response to any breach that is reported to us or of which we otherwise become aware.

If LGPS Funds decide that they need to report to us, they should explain the reasons for the breach occurring and their plan to remedy it, including the timeframe, which we will take into account in determining our response.

Updated GAD guidance – England & Wales

Updated working copies of the actuarial guidance listed below have been uploaded to the [lgpsregs website](#).

- Additional pension guidance,
- Conversion of AVC into additional pension guidance,
- Early retirement guidance,
- Interfund transfers guidance,
- Cash commutation guidance,
- Pre-2014 pensions debit guidance,
- Post-2014 pensions debit guidance,
- Post-2014 pensions credit guidance,
- Trivial commutations guidance, and
- Lifetime allowance guidance.

The documents are consolidated versions, prepared by GAD, of the original version of the guidance and the amendments that have since been issued. There are some differences between the original versions plus amendments and the consolidated version but these differences are not of material significance.

Whilst the consolidated documents are not official pieces of guidance issued under the Regulations, DCLG has confirmed that the guidance can be used with immediate effect.

Updated guides

Updated clean and tracked versions of the guides below are now available to view on www.lgpsregs.org

Available on the [Administration Guides](#) page:

- 85 year rule guide – version 1.10
- Aggregation guide – version 1.8
- Practitioners' guide – version 2.8
- Trivial Commutation guide – version 1.6

- Underpin guide – version 1.6

Available on the [Communications Resources](#) page:

- ABS template – version 1.2 (Please note that the amendments made to this document are only small clarifying changes following queries raised by a couple of funds).
- Aggregation leaflet – version 1.4

Available on the [Payroll Guide](#) page

- Payroll Guide – version 3.9

Statistics for LGPS Funds in England and Wales – 2014/15

DCLG has published statistics relating to the LGPS Funds in [England](#) and [Wales](#) for 2014/15.

LGPS Scotland

Consultation on amendment regulations

The consultation on the draft Local Government Pension Scheme (Scotland) (Amendment No. 2) Regulations 2015 referred to in [Bulletin 134](#) closed on 12 October 2015. LGA submitted a response which can be found on the [lgpsregs website](#)

The SPPA has commenced a consultation on the draft Local Government Pension Scheme (Scotland) Amendment Regulations 2016 covering the employer cost cap and the requirement to have a scheme (not fund) actuary for this purpose. Comments have to be submitted to locgovpensionsreform@scotland.gsi.gov.uk by 9 December 2015.

Updated Guides

Updated clean and tracked versions of the guides below are now available to view on www.lgpsregs.org

Updated documents available on the [Administration Guides](#) page:

- Aggregation guide – version 1.3
- Practitioners' guide – version 1.7
- Trivial Commutation guide – version 1.6
- Underpin guide – version 1.3

Updated documents available on the [Employees' Guides](#) page:

- Aggregation leaflet – version 1.1

Scheme Advisory Board (SAB) England & Wales

Pension Fund Accounts 2014-15

An email was sent to Funds in England & Wales on 9 September asking that a copy of the annual report or, where the report is available on-line, a link to the report be forwarded to Liam Robson.

If your Fund has not already provided this information can you please do so by emailing liam.robson@local.gov.uk

Other News and Updates

Negative CPI – revaluation of CARE benefits

On 13 October 2015 it was reported that the September 2015 Consumer Price Index (CPI) was a negative value of -0.1%. The Public Service Pensions Act 2013 requires that where there is a percentage decrease the Treasury Order must be approved by both the House of Commons and the House of Lords for it to become law; this is called the affirmative procedure. This is different to the negative procedure which is applied when the percentage is zero or an increase. In the negative procedure the Treasury Order will automatically become law without debate unless there is an objection from either the House of Commons or the House of Lords.

As yet, nothing has been confirmed concerning the likelihood, or otherwise, of a negative revaluation percentage being passed in law. However, we suggest that you check your processes to ensure that if a negative revaluation were to become law your systems could manage this, bearing in mind that pensions increase (for deferred and pensioner members) would default to nil.

We have contacted the pension software suppliers to check that their software would be able to handle negative revaluation if this became necessary. We will also be considering the member communications that may be necessary in the event that a negative revaluation order is issued.

NI Database

We are looking to launch the NI database the week beginning 9 November 2015. If you haven't yet returned the signed information sharing agreement for your organisation it would be much appreciated if you could do so as soon as possible. If we have not received this signed document you may not be able to participate from the outset.

Please also make sure that you make Steve Clegg at SYPA (sclegg@sypa.org.uk) aware of your IP address so that he can approve your access to the system before it goes live.

When the Database is up and running, each fund will need to know its fund ID and fund PIN to use it. All funds were supplied with their fund IDs by email earlier this month. Fund PINs will be sent to all funds in an encrypted format when the Database is ready to go live.

Tell Us Once

On 8 October 2015 the LGPC Secretariat forwarded a data sharing agreement (DSA) for the extension of the Tell Us Once service to the Local Government Pension Scheme. DWP asked that funds sign and return this document by the end of **Friday 30 October**.

If you haven't yet returned your DSA please send your completed forms by email to [Maureen Thompson](mailto:Maureen.Thompson@dwp.gov.uk) at DWP.

As part of the on-boarding of Tell Us Once, DWP also require funds to undertake three further steps:

1. Completion of organisational details online at one of the following web-links:

- For internet endpoints, the following URL provides an easy to use web page for data entry
<https://onboarding.cdc-tai.canopy-cloud.com/DWP-TUO>
 - For PSN-P endpoints, the following URL provides an easy to use web page for data entry <https://onboarding.cdc-preprod.canopy.gse.gov.uk/DWP-TUO>
2. The generation and validation of a SSL certificate. You can do this before or after you've completed the information on the above weblink.
 3. The creation of a new user. This can only be done after you have completed the details at the above weblink and DWP's contractors have set the Business Contact up with their user details.

Please refer to the email from Con Hargrave on 20 October 2015 for further information about steps 2 and 3 and a quick reference guide.

NAPF become PLSA

The NAPF has announced that it is rebranding as the Pensions and Lifetime Savings Association (PLSA). In the announcement, Chief Executive Joanne Segars said the move to rebrand was made "because pensions are changing". Ms Segars added: "Just as the lines are blurring between pensions and other forms of savings, between work and retirement, between scheme and saver responsibility we have to think differently so we can keep helping our members."

Pension reform delays

The Minister of State, Department for Work and Pensions (Baroness Altmann) has made a [Written Statement](#) confirming that the Government has decided that the time is not right to implement Defined Ambition, Collective Benefits and Automatic Transfers.

In the statement she said "the time is not right to ask the pensions industry to absorb the new swathe of regulation that would be needed to make such further reforms work effectively. The market needs time and space to adjust to the other reforms underway and these areas will be revisited once there has been an opportunity for that to happen."

Chancellor delays pensions tax relief announcement

In a parliamentary answer on 27 October, the Chancellor of the Exchequer, George Osborne, said that further details on the reform of pensions tax relief will be unveiled in the Budget 2016 (and not, as some had expected) in next month's Autumn Statement. Mr. Osborne said that the Government is "open to consultation on the pensions taxation system at the moment. It is a completely open consultation and a genuine Green Paper, and we are receiving a lot of interesting suggestions on potential reform. We will respond to that consultation fully in the Budget."

Transfers out where a member has more than one deferred benefit

At the Technical Group meeting of 11 September, a discussion took place as to whether a member who has two deferred benefits (in the same or separate funds) and wishes to transfer out to another pension arrangement has to transfer both or if the member could elect to transfer out one but not the other?

It was decided that as the LGPS in England & Wales is one scheme and the LGPS in Scotland is one scheme, it would be necessary for a member of the LGPS in England or

Wales to transfer out all LGPS deferred benefits held in England and Wales or none at all; similarly, a member of the LGPS in Scotland would have to transfer out all LGPS deferred benefits held in Scotland or none at all. If a member were to dispute this it was suggested that legal advice should be obtained.

The draft Pensions Act 2014 (Abolition of Contracting-out for Salary Related Pension Schemes) (Consequential Amendments) Order 2016

The Government has published a [consultation](#) on the draft Pensions Act 2014 (Abolition of Contracting-out for Salary Related Pension Schemes) (Consequential Amendments) Order 2016. The consultation invites views on changes to other secondary legislation to take account of the abolition of contracting-out from 6 April 2016. The consultation period began on 20 October 2015 and runs until 16 November 2015.

We would be grateful if funds responding to the consultation could copy the [LGA pensions team](#) in to their responses so that we can ensure our submission includes all items that potentially need addressing.

GMP Micro Service

On 14 October 2015 the LGPC Secretariat forwarded a further request from HMRC for volunteers to come forward from pension administrators to help test the new GMP micro service which will be used by pension schemes to obtain a GMP calculation from April 2016.

The service is intended to be self-serve so that schemes can input data for either individuals or multiple scheme members and obtain the GMP figure revalued up to the relevant date. No automatic GMP statements will be issued after April 2016 (other than AP <= GMP statements for those attaining SPA prior to 6th April 2016). HMRC are keen that the service is tested properly via a wide range of users to ensure that it provides the right support for its users.

HMRC are asking for volunteers who currently:

- request GMP calculations
- deal with the statements/data files when a member retires or when a transfer takes place
- receive data files and upload them on to their systems

If you are interested in testing the service please provide the following details via email to Mailbox.newstatepensionenquiries@hmrc.gsi.gov.uk - contact details i.e. name, Fund name, email, telephone number and whether you are interested in using the service to obtain a GMP calculation directly or using data files. **Please include GMP Service User Research as the subject heading.**

HMRC publishes Pensions Schemes Newsletter no. 73

HMRC have issued their latest [Pension Schemes Newsletter \(no. 73\)](#), covering Scottish Rate of Income Tax (SRIT), lifetime allowance protections, annual allowance, pension flexibility and registration statistics.

TPAS launches online pension scams campaign

On 26 October TPAS launched a week long social media campaign to help raise awareness about pension scams and highlight how pension savers can protect their pension. TPAS stated that although much work has already been done to help raise consumer awareness about scams, the message needs to continue to ensure that even

more people know what a pension scam is, the techniques scammers use and the consequence of transferring a life time of savings.

The campaign provides information about the things pension savers should look out for and the safeguards they can make to protect themselves from scammers. To support the campaign, you can follow **@TPASNews** or the **#protectyourpension** on Twitter or search for 'The Pensions Advisory Service' on Facebook.

The Markets in Financial Instruments Directive (MiFID II)

On 16 October the LGPC Secretariat forwarded a briefing paper to all LGPS investment contacts about MiFID II and its impacts on investments. The paper can be found at the bottom of the news and updates page on the [lgpsregs website](#)

Useful Links

[LGA Pensions page](#)

[LGPS members' website](#)

[LGPS 2014 members' website](#)

[LGPS 2015 members' website](#)

[LGPS Advisory Board website](#)

[LGPS 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.

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

[The Timeline Regulations](#) for Final Salary Scheme

[The Timeline Regulations](#) for Career Average in England and Wales

Pensions Section Contact Details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pensions advisers will get back to you as soon as possible.

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Distribution sheet

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