

Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 137 – November 2015

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

Please contact [Con Hargrave](#) 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

As reported in [Bulletin 136](#), the Pensions Regulator issued a letter to LGPS funds in England and Wales on 9th October 2015 regarding the distribution of 2014/15 annual benefits statements to fund members which included, in part, the following text:

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 aren't 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.

Public sector exit payment cap

The [Enterprise Bill](#) continues its passage through Parliament, with the second day of report stage taking place in the House of Lords on Monday 30th November, and the LGA continuing to lobby the Government on the operation of the cap, its timescales for implementation and the need for transitional measures.

Much of the detail of how the cap will work in practice remains to be confirmed. The Government published draft *Public Sector Exit Payment Cap Regulations 2016* in early November and the LGPC Secretariat have provided our comments to the Government on the draft regulations which, in our view, do not cover the practical points that need to be addressed in sufficient detail.

In respect of timescales, whilst we do not yet have a go-live date for the cap, at Committee Stage the Minister said that the Bill would be unlikely to get royal assent under late Spring/ early Summer 2016. Further, we understand that the cap won't take effect until governing regulations have passed through Parliament via the affirmative procedure, and that the Government expect this to be in Summer/Autumn 2016. We will continue to push in the coming months for early confirmation of the date that the cap will become effective.

Exits that are agreed and take place before the regulations come into force will not be subject to the cap. After that, the Government have confirmed that they do not see any case for transitional arrangements, consequently public sector employers should be planning for the cap to apply after the regulations are approved. There will be a discretion available to relax the cap in exceptional circumstances, both for individuals and groups of individuals, subject to full council approval. The Government will provide guidance for employers on the use of power to relax the restrictions imposed by the cap, and what would constitute exceptional circumstances, alongside the secondary legislation.

On 1st December, the LGA issued a note (see [appendix 1](#)) for public sector employers on the public sector exit payment cap. This was based on our understanding of the Government's plans up to and including day 2 of the House of Lords' report stage.

Pensions Ombudsman ill-health newsletter

At the 2015 Pensions Managers' Conference in Torquay, the new Pensions Ombudsman, Anthony Arter, announced the release of a newsletter for the LGPS in England and Wales on ill-health retirements.

The document is provided to provide generic guidance on how the Pensions Ombudsman Service may consider an ill-health complaint. It may be of use to both scheme employers and pension funds in considering ill-health cases and includes the following sections:

- Guidance accompanying the 2013 Regulations
- Ill health retirement from active status – what should happen:
 - Regulation 35: Questions for the scheme employer to determine
 - Regulation 36: Independent Registered Medical Practitioner
 - The scheme employer's decision
 - The Pensions Ombudsman's findings and directions
- Ill health retirement from deferred status – what should happen:
 - Regulation 38
- What might go wrong – things to look out for
 - Medical evidence and decision
 - Procedure and Internal Dispute Resolution Procedure (IDRP)

The newsletter is available on the [Other Guidance](#) page of www.lgpsregs.org.

Investments in the LGPS England & Wales

After the Chancellor's Autumn Statement on 25th November, a number of documents relating to LGPS investments in England and Wales were published on the [Gov.uk](#) website.

DCLG consultation on investments regulations

DCLG have [commenced a consultation](#) on new investment regulations that would replace and revoke the LGPS (Management and Investment of Funds) Regulations 2009. The consultation on the draft *Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016* closes on 19th February 2016.

DCLG guidance on investments pooling

Following the announcement earlier in the year that the Government was asking the LGPS in England and Wales to come up with proposals on the pooling of LGPS assets, DCLG have [published guidance for funds](#) in coming up with proposals on this matter, along with the criteria that the Government will be considering. At a high level, the Government plan that no more than six funds will be established, each containing a minimum of £25bn in fund assets.

The Cabinet Office and DCLG have also [published supporting evidence](#) they commissioned on the 'structure and governance of efficient and effective CIVs for LGPS Funds'.

DCLG response to efficiencies consultation May 2014

The Government have also now [published their response](#) to an earlier consultation on LGPS investment reform (Local government pension scheme: opportunities for collaboration, cost savings and efficiencies) that took place in Summer 2014.

Scheme Advisory Board

LGPS funds in England and Wales will recently have been informed of the amount that they will be required to pay in support of the Scheme Advisory Board's activities for 2015/16 under regulation 113 of the LGPS Regulations 2013. Invoices will shortly be circulated to each fund for payment of the total owed.

LGPS Scotland

LGPC response to draft Amendment Regulations 2016

As referred to in [Bulletin 136](#), in October the SPPA commenced a consultation on *The Local Government Pension Scheme (Scotland) Amendment Regulations 2016*.

The LGPC Secretariat have submitted a short response to the consultation, available on the [Drafts and Consultations](#) page of www.lgpsregs.org. The closing date for responses is 9th December 2015.

DWP and New State Pension

Contracted-Out Pension Equivalent (COPE)

DWP have introduced a new term intended to assist in the communication of the changes to the state pension for members who at some point will have been contracted-out of additional state benefits. The COPE amount is now being included on State Pension statements and the Q&A document attached at [appendix 2](#) has been prepared to provide further information on the COPE amount.

DWP publishes State Pension statement leaflet

During November, DWP published a State Pension statement leaflet (DWP042) for people 55 or over who were born on or after 6 April 1951 (men) or 6 April 1953 (women). It can be found, along with other State Pension statement leaflets, [here](#) on [Gov.uk](#).

DWP consultation on changes to pensions legislation

On 23rd November 2015, DWP [commenced a consultation](#) on a draft of *the Occupational and Personal Pension Schemes and the Pension Protection Fund (Miscellaneous Amendments) Regulations 2016*. The consultation document proposes changes in a number of areas of pensions legislation and the LGPC Secretariat will be reviewing the document and the draft regulations, and considering whether to make a formal response.

The closing date for responses is 11th January 2016.

Scheme Reconciliation

Scheme Reconciliation workshop – Pensions Managers’ Conference 2015

At the 2015 Pensions Managers’ Conference in Torquay, a workshop was held on the topic of scheme reconciliation, at which the following areas were considered:

- Is there a legal obligation to reconcile C-O data?
- What are the timescales?
- Should administering authorities reconcile only pre 97 GMP liability or post 97 C-O service dates too?
- Is there a need to reconcile GMPs where members were over SPA at 2008 and the public service scheme had participated in the 2008 GMP reconciliation project?
- Is there a need to reconcile GMPs and Contracted-Out dates for deceased members?
- What tolerance levels should be applied?
- Options if the GMP is within the tolerance level
- What action should be taken where the GMP difference is outside the tolerance level?
- Recovery of overpayments
- Would sums written off be unauthorised payments?
- What actions should be taken if the GMP was incorrect in a transfer in or transfer out?
- What actions should be taken if the GMP used for a pension sharing CETV / CEV following receipt of a pension sharing order was incorrect?
- What action should be taken if an administering authority believes it has paid a CEP but HMRC data does not reflect this?
- Do administering authorities feel they need staff with detailed knowledge of GMPs to undertake the reconciliation?
- Types of cases to concentrate on
- Who is going to pick up PI on GMPs from April 2016?
- Equalisation
- Contracted-Out Pension Equivalent (COPE)

A copy of the notes from the workshop are attached to this bulletin as [appendix 3](#).

HMRC Countdown Bulletin

HMRC published the latest [Countdown Bulletin](#), no. 11, on 17th November 2015 including articles on:

- HMRC pensions forums taking place in December 2015
- Request for testers of the new GMP micro service
- Reconciling active membership records
- Customer relations team mail box

Other News and Updates

LGPS Database

The LGPS Database is now live so that LGPS pension funds who are fully signed up to the system can begin to upload their first membership files. All such funds should have been sent the user information needed so that you can access the Database, but if you believe you are still awaiting this please contact [Con Hargrave](#).

The Database is located at <https://www.findlgpension.org>, but please note if you have not yet undertaken step b) below, then you will not be able to access this website.

As a reminder to those funds who are not yet fully signed up to the Database, you will need to:

- a) return a signed copy of the information sharing agreement previously circulated, and
- b) provide Steve Clegg at South Yorkshire Pensions Authority (sclegg@sypa.org.uk) with a fixed, external facing IP address so that he may approve your access to the service,

before you will be able to make use of the system. As soon as we receive your fund's signed information sharing agreement, we will be able to supply the information needed for you to upload your first file.

If you are an altair user, please be aware that heywood have issued a reportwriter that will produce a .csv membership file that matches the data requirements set out in the LGPS Database user guide. Please see CLASS Bulletin 473, dated 4th August 2015, for more details.

We would be grateful if funds could prioritise the Database in the coming weeks so that all funds may begin to start using the system for the purpose of monitoring duplicate death grants. Early upload of data into the Database would also be beneficial for the purposes of Tell Us Once (see below for more information).

Tell Us Once

The extension of Tell Us Once to public service pension schemes including the LGPS has been delayed to January 2015. On 1st December 2015, a version the below email was sent to each LGPS funds' named contacts for Tell Us Once by Maureen Thompson at DWP:

“Extension of the Tell Us Once service to Public Sector Pension Schemes / Local Government Pension Funds

On behalf of the Tell Us Once (TUO) team I would like to offer my sincere apologies for the recent issues you may have experienced in completing the process to become partners of the service.

You will have already recognised the potential benefits to be gained from becoming a TUO partner and how access to secure, trusted data on the day a death is formally registered – will provide both significant business efficiencies and a step change in the customer experience we jointly provide.

Some Funds have experienced issues with Browser / Firewall settings and issues with accessing the URLs and /or loading of the security certificate etc. We understand that this has been a frustrating time for everyone involved.

We have reviewed and tested the on-boarding guidance and functions which will allow the required certificate to be recognised and used with the Canopy Digital Connect (CDC) service and appreciate you have had a variety of issues with all things associated with these on-boarding actions.

These issues have meant we haven't been able to complete User Assurance Testing to support a Go-Live of 27th November.

The relationship between our partners collecting the data (LA's / Registrars / dedicated Telephony Agents); your teams as consumers of the data; and the various support teams involved in the Live operation – means that introducing the change just before the seasonal break might not be sensible.

We are therefore proposing a Go-Live date of 14th January, although the plan is (with your co-operation) to complete the on-boarding by 17th December so that we will not need to contact you over the festive break.

We will continue the action to on-board partners from later this week. Thank you to those Funds who have already taken the necessary action to receive TUO data and I would encourage you (if you haven't already done so) to perform the following actions:

- *Complete and return the Data Sharing Agreement;*
- *Submit your Organisation details using the appropriate URL, as shown in the attached template;*
- *Liaise with your IT support team to install on your PC a security certificate to authenticate the Organisation Administrator (Super User)- guidance for your IT support is available on the CDC online Wiki (see below);*
- *Ensure you can access the CDC Administration URL;*
- *On receipt of the confirmation email from our suppliers (Atos) – telephone Atos and complete the authentication process which will then allow the Organisation Administrator to create the User Community in your area who will be able to access the TUO data in readiness for Go-Live.*

You will be aware of the relationship between the information you provide to populate the LGA NI Database and the actions described by LGA on how to both upload your data and confirm your readiness to receive the TUO service.

These actions are necessary to make the service run as seamlessly as possible for our customers in a secure environment and should not be onerous – but we are aware that

there are many different ways in which LGPFs are organised and the IT environments they work in – so I would encourage you to engage your local IT contacts for support on these actions and do not hesitate to contact us if you require additional assistance.”

Useful links to the CDC online Wiki:

1. *Guidance for system administrators on the CDC on-boarding process for TUO*

<https://atos-csms.atlassian.net/wiki/display/CDC/DWP-TUO+Onboarding+Guide>.

2. *Guidance about security certificates*

<https://atos-csms.atlassian.net/wiki/display/CDC/Creating+certificates>.

Your continued support with this is greatly appreciated – and again please accept my apologies for any inconvenience you may have experienced as we complete these on-boarding actions.

Public Service Pensions History

Administering authorities may shortly receive a “public service history certification” request from NHS Pension Scheme members asking them to confirm whether or not “the member was an active member of the LGPS on 31st March 2012 and on 1st April 2012 and if the member was 10 years or less from the normal retirement age applicable to the member under the LGPS on that date”. This exercise is being carried out because of the provision in Section 18 of the Public Service Pensions Act (PSPA) 2013 which allows members of public service pension schemes who were within 10 years of their normal retirement age, immediately before 1 April 2012, to remain in that scheme on and after the closing date (the closing date for an existing scheme was the 31 March 2014 for the Local Government Pension Scheme (LGPS) England & Wales and in any other case 31 March 2015). This provision also extends to those members of some unfunded public service pension schemes who were within 13 years and 5 months of their normal pension age immediately before 1 April 2012, though any one entitled to this extended protection joins the new arrangement once this protection ceases.

The protection to remain in the existing pre 2015 scheme is further extended to include a member who joins an unfunded public sector pension scheme of on or after 1 April 2012, who:

- 1) Immediately before 1 April 2012 was a member of another public service pension scheme and was entitled to remain in the existing pre 2015 scheme of that scheme, and
- 2) Has not had a gap in their public sector pensionable service of more than 5 years, and
- 3) Would have been entitled to remain in the existing pre 2015 public service pension scheme of the current scheme if they had been a member of that scheme immediately before 1 April 2012

This is called ‘Double Scheme Protection’ and where the member meets all of the above conditions, the member will be entitled to be placed into the last open public service pension scheme attached to their current public service employment. This applies even if the member has not transferred their pension benefits from the previous public service pension scheme into the current scheme.

To clarify, the provision to remain in the pre-existing scheme does not apply to the LGPS as all existing members moved to the CARE scheme on 1 April 2014 England & Wales (1 April 2015 LGPS Scotland and Northern Ireland), and all new members join the LGPS CARE schemes. Therefore, where administering authorities receive the public service history certification document they will be required to certify if the member was an active member on 31 March 2012 and 1 April 2012 and if the member was within 10 years or less of the normal retirement age applicable to the member in the LGPS on that date. If the answer is yes and the member also meets condition 3 above they will be placed into their current unfunded scheme's last open scheme.

The NHS Pension Scheme is the first scheme to undertake this exercise. It will be issuing paper forms to 24,000 employees in December 2015 who will be asked to forward the form to the relevant pension scheme administrators. We will notify you when this exercise is about to be undertaken by any other public service scheme.

Fixed and Enhanced Protection

When the updated automatic enrolment guides (see below article, 'Updated LGPC documents') were circulated to the LGPC distribution list on 23rd November, we said the following in respect of members in the LGPS with Fixed and Enhanced Protection:

Another significant change is that the detailed guide and the template letters now reflect the LGPCs latest understanding of the implications for those with Fixed or Enhanced Protection who are enrolled or re-enrolled into the LGPS i.e.

For members of the LGPS in England and Wales –

i) if a person obtained Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection whilst a member of a different pension scheme they will lose the relevant protection if they become a member of the LGPS in England or Wales (a new pension 'arrangement'). It should be noted that the LGPS in Scotland, the LGPS in Northern Ireland and the LGPS in the Isle of Man are all different pension schemes to the LGPS in England and Wales. If the person wishes to retain their Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection it will be necessary for them to opt out of the LGPS in England or Wales within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of the scheme.

ii) if a person holds Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection and they have previous benefits in the LGPS in England or Wales they will lose the relevant protection if they become a member of the LGPS in England or Wales and they do not aggregate their benefits (as the new period of membership in the LGPS will be treated as a new pension 'arrangement'). If the person wishes to retain their Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection it will be necessary for them to opt out of the LGPS in England or Wales within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of that scheme.

iii) if a person holds Fixed Protection 2012 or Fixed Protection 2014 and they have previous benefits in the LGPS in England or Wales (based on a period of membership which includes pre 1 April 2014 membership) they will lose the relevant protection if:

- they become a member of the LGPS in England or Wales, and*
- aggregate their benefits, and*

- *HMRC were to deem this to be a new pension ‘arrangement’ (because the aggregated benefits include some pre 1 April 2014 final salary benefits and some post 31 March 2014 career average revalued earnings benefits).*

However, we understand that the Department for Communities and Local Government, being the department responsible to the relevant Minister (the ‘responsible authority’ under the Public Service Pensions Act 2013) take the view that the relevant LGPS Regulations provide a single arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view. If the DCLG view is correct and HMRC do not deem it to be a new pension ‘arrangement’ the person will not lose protection unless they have ‘benefit accrual’. They would lose Fixed Protection 2012 or Fixed Protection 2014 at the point at which ‘benefit accrual’ occurs (which could be immediately upon aggregation or at some point thereafter) - see <http://www.hmrc.gov.uk/manuals/ptmanual/ptm093500.htm> for more information on ‘benefit accrual’.

If the person wishes to make certain that they retain their Fixed Protection 2012 or Fixed Protection 2014 it will be necessary for them to opt out of the LGPS in England or Wales within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of that scheme.

iv) if a person holds Enhanced Protection and they have previous benefits in the LGPS in England or Wales (based on a period of membership which includes pre 1 April 2014 membership) they will lose that protection if:

- *they become a member of the LGPS in England or Wales, and*
- *aggregate their benefits, and*
- *HMRC were to deem this to be a new pension ‘arrangement’ (because the aggregated benefits include some pre 1 April 2014 final salary benefits and some post 31 March 2014 career average revalued earnings benefits).*

We understand that the Department for Communities and Local Government, being the department responsible to the relevant Minister (the ‘responsible authority’ under the Public Service Pensions Act 2013) takes the view that the relevant LGPS Regulations provide a single arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view.

If the DCLG view is correct and HMRC do not deem it to be a new pension ‘arrangement’ the person will not lose protection even if they then have ‘relevant benefit accrual’ (i.e. benefits at retirement exceed the value of their benefits at 5 April 2006 as increased after then, in general terms, by the greater of 5% per annum, the increase in the cost of living or increases in their pensionable pay). This is because the person would be able to notionally split the crystallisation of their defined benefit rights on retirement. This would allow them to reduce their tax liability by crystallising benefits below the ‘relevant benefit accrual’ limit so Enhanced Protection would be retained during that crystallisation. When the remaining benefits are crystallised, Enhanced Protection on those benefits would be lost. The person would lose the Enhanced Protection if they were to pay contributions into a money purchase pension arrangement (e.g. they were to pay into the LGPS AVC facility) other than to a life assurance policy providing death benefits that started before 6 April 2006, or if they were to start a new pension arrangement, or if they were to transfer their LGPS benefits to another defined benefit pension scheme.

If the person wishes to make certain that they retain their Enhanced Protection it will be necessary for them to opt out of the LGPS in England or Wales within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of that scheme.

v) if a person holds Fixed Protection 2014 and they are enrolled into the LGPS in England or Wales they will not lose Fixed Protection 2014 if:

- they do not opt out within 3 months, but*
- they have earlier LGPS membership in England or Wales which consists only of post 31 March 2014 membership, and*
- they aggregate the two periods of membership (as this will not constitute entering into a new arrangement)*

provided they do not have 'benefit accrual'.

However, the person will lose Fixed Protection 2014 at the point at which 'benefit accrual' occurs (which could be immediately upon aggregation or at some point thereafter) - see <http://www.hmrc.gov.uk/manuals/ptmanual/ptm093500.htm> for more information on 'benefit accrual'.

For members of the LGPS in Scotland –

i) if a person obtained Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection whilst a member of a different pension scheme they will lose the relevant protection if they become a member of the LGPS in Scotland (a new pension 'arrangement'). It should be noted that the LGPS in England and Wales, the LGPS in Northern Ireland and the LGPS in the Isle of Man are all different pension schemes to the LGPS in Scotland. If the person wishes to retain their Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection it will be necessary for them to opt out of the LGPS in Scotland within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of the scheme.

ii) if a person holds Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection and they have previous benefits in the LGPS in Scotland they will lose the relevant protection if they become a member of the LGPS in Scotland and they do not aggregate their benefits (as the new period of membership in the LGPS will be treated as a new pension 'arrangement'). If the person wishes to retain their Fixed Protection 2012, Fixed Protection 2014 or Enhanced Protection it will be necessary for them to opt out of the LGPS in Scotland within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of that scheme.

iii) if a person holds Fixed Protection 2012 or Fixed Protection 2014 and they have previous benefits in the LGPS in Scotland (based on a period of membership which includes pre 1 April 2015 membership) they will lose the relevant protection if:

- they become a member of the LGPS in Scotland, and*
- aggregate their benefits, and*
- HMRC were to deem this to be a new pension 'arrangement' (because the aggregated benefits include some pre 1 April 2015 final salary benefits and some post 31 March 2015 career average revalued earnings benefits).*

However, we understand that the Scottish Public Pensions Agency, being the body responsible to the Scottish Ministers (the 'responsible authority' under the Public Service Pensions Act 2013) take the view that the relevant LGPS Regulations provide a single arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view. If the SPPA view is correct and HMRC do not deem it to be a new pension 'arrangement' the person will not lose protection unless they have 'benefit accrual'. They would lose Fixed Protection 2012 or Fixed Protection 2014 at the point at which 'benefit accrual' occurs (which could be immediately upon aggregation or at some point thereafter) - see <http://www.hmrc.gov.uk/manuals/ptmanual/ptm093500.htm> for more information on 'benefit accrual'.

If the person wishes to make certain that they retain their Fixed Protection 2012 or Fixed Protection 2014 it will be necessary for them to opt out of the LGPS in Scotland within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of that scheme.

iv) if a person holds Enhanced Protection and they have previous benefits in the LGPS in Scotland (based on a period of membership which includes pre 1 April 2015 membership) they will lose that protection if:

- they become a member of the LGPS in Scotland, and*
- aggregate their benefits, and*
- HMRC were to deem this to be a new pension 'arrangement' (because the aggregated benefits include some pre 1 April 2015 final salary benefits and some post 31 March 2015 career average revalued earnings benefits).*

We understand that the Scottish Public Pensions Agency, being the body responsible to the Scottish Ministers (the 'responsible authority' under the Public Service Pensions Act 2013) takes the view that the relevant LGPS Regulations provide a single arrangement within a single scheme. HMRC have indicated that, in individual cases, they are not in a position to say whether or not they agree with that view.

If the SPPA view is correct and HMRC do not deem it to be a new pension 'arrangement' the person will not lose protection even if they then have 'relevant benefit accrual' (i.e. benefits at retirement exceed the value of their benefits at 5 April 2006 as increased after then, in general terms, by the greater of 5% per annum, the increase in the cost of living or increases in their pensionable pay). This is because the person would be able to notionally split the crystallisation of their defined benefit rights on retirement. This would allow them to reduce their tax liability by crystallising benefits below the 'relevant benefit accrual' limit so Enhanced Protection would be retained during that crystallisation. When the remaining benefits are crystallised, Enhanced Protection on those benefits would be lost. The person would lose the Enhanced Protection if they were to pay contributions into a money purchase pension arrangement (e.g. they were to pay into the LGPS AVC facility) other than to a life assurance policy providing death benefits that started before 6 April 2006, or if they were to start a new pension arrangement, or if they were to transfer their LGPS benefits to another defined benefit pension scheme.

If the person wishes to make certain that they retain their Enhanced Protection it will be necessary for them to opt out of the LGPS in Scotland within 3 months of being enrolled, thereby ensuring they are treated as never having been a member of that scheme.

We understand that the above information on Protections reflects DCLGs and SPPAs current view and that SPPA will be contacting Scottish administering authorities shortly (given that the above represents a change in the position previously taken by SPPA).

Spending Review/ Autumn Statement 2015

In addition to:

- the commencement of the consultation on new investment regulations for the LGPS in England and Wales,
- the publication of guidance for LGPS administering authorities on investment pooling, and
- the publication of the Government's response to the May 2014 consultation on investment efficiencies,

each of which are covered earlier in this bulletin, a number of other items relating to pensions were confirmed in the Chancellor's Autumn Statement or in [the subsequent documentation](#) that was published:

- The Government intend to respond to the consultation on tax relief undertaken earlier this year at the 2016 Budget (para 1.136 of the [Autumn Statement document](#)),
- The next two phased increases of minimum contribution rates for automatic enrolment will be aligned with tax years (instead of taking place in October of each year). Each next increase due to the minimum rate will therefore be delayed by 6 months (para 1.137),
- The Government plan to consult on further cross-public sector action on exit payment terms, to reduce the costs of redundancy payouts and ensure greater consistency between workforces (para 1.293), and
- The starting rate of the new state pension in April 2016 will be £155.65. The basic state pension for those who have reached SPA prior to April 2016 will be going up £3.35 to £119.30. The triple lock will also be retained (para 3.48).

Sharing of pensions administration strategies, etc.

Given the importance of the quality of employer data in career average schemes, and the problems experienced in England and Wales this year in obtaining timely, accurate end of year data from Scheme employers, LGPS funds across the UK may currently be reviewing their pensions administration strategies and employer charging frameworks with a view to improving the compliance of their employers. Funds who don't currently use a pensions administration strategy may be thinking about putting one in place.

As practices and policies in respect of these areas may be different from one LGPS fund to the next, it has been suggested that some form of knowledge sharing between funds may encourage new ideas to emerge and therefore assist with employer compliance. To assist with this, we would be happy to set up a page on www.lgpsregs.org where samples of pensions administration policies, charging frameworks, employer communications on this topic, etc, may be held for all funds to access and use.

If funds would be happy to share any of their documentation for this purpose, please send these through to [Con Hargrave](#) and an appropriate page will be set up on the website.

Finance (no. 2) Act 2015

The [Finance \(no. 2\) Act 2015](#) received royal assent on 18th November. The Act includes Schedule 4 which provides for the legislative backing to the reforms to the annual allowance announced during this year's Summer Budget, specifically:

- The alignment of pension input periods with the tax year, and
- The introduction of the annual allowance taper.

The LGPC Secretariat will be reviewing the content of the relevant parts of the Act with a view to updating and reissuing the annual allowance guide (currently withdrawn) prior to the start of the 2016/17 Scheme year.

Updated LGPC documents

During November 2015, the following LGPC documents were updated and issued as clean and tracked versions on www.lgpsregs.org:

- Automatic enrolment full guide – version 6.0:
 - [LGPS England and Wales section](#)
 - [LGPS Scotland section](#)
- Automatic enrolment brief guide – version 6.0:
 - [LGPS England and Wales section](#)
 - [LGPS Scotland section](#)
- [LGPS England and Wales aggregation leaflet](#) – version 1.5
- [LGPS Scotland aggregation leaflet](#) – version 1.2

The updates to the automatic enrolment guides (and to the template letters in the detailed guide) are primarily to reflect the measures included in the Pensions Act 2014 which amended the Pensions Act 2008 to further simplify automatic enrolment. These measures were designed to:

- introduce an alternative quality requirement for DB schemes
- simplify the information requirements for employers
- create exceptions to the employer duties in certain circumstances.

and were detailed in the Occupational and Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations 2015 [SI 2015/501], operative from 1 April 2015.

As a result of these regulations employers are not required to automatically enrol or re-enrol eligible jobholders:

- a) who had opted out of the LGPS less than 12 months prior to what would have been the eligible jobholder's enrolment or re-enrolment date in relation to the contract, or
- b) where notice to terminate employment has been given before the end of the period of 6 weeks beginning with what would have been the eligible jobholder's enrolment or re-enrolment date in relation to the contract, or
- c) where the employer has reasonable grounds to believe the eligible jobholder, on what would have been the eligible jobholder's enrolment or re-enrolment date in relation to the contract, holds Primary Protection, Enhanced Protection, Fixed

Protection 2012, Fixed Protection 2014, or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014

although in each of these cases the employer can nevertheless choose to automatically enrol or re-enrol the eligible jobholder into the LGPS.

The protections mentioned in (c) above are protections in respect of the lifetime allowance tax charge. The lifetime allowance is the maximum amount of pension savings that an individual can build up in registered pension schemes which benefit from favourable tax treatment.

There is also an update to the opt-out form for England and Wales included in Annex 4 and further information in paragraphs 96 and 98 of the Guide regarding the completion of the declaration of compliance and the re-declaration of compliance by, or by an agent authorised by, a foundation school (including a Trust school that is a foundation school), a voluntary aided school or a foundation special school.

Training

The 2015 Fundamentals trustee training continues with day 3 taking place in each of London, Leeds and Cardiff on the following dates in December. The programme will, as always, run again next year from October – December 2016.

London – [1st December](#) - Victoria Park Plaza Hotel – FULLY BOOKED

Leeds – [8th December](#) – Marriott Hotel – FULLY BOOKED

Cardiff – [15th December](#) - Marriott Hotel – FULLY BOOKED

[Circular 294](#) was published on 5th November 2015. It contains details of the 'Understanding' Workshops being undertaken by the LGPC Secretariat in early 2016. Please note that **all** the Care, Pay and Final Pay events are now fully booked. However, you may add your name to the waitlist by emailing elaine.english@local.gov.uk who will advise if any places become available or, if the demand is high, whether new courses will be added later in 2016. Places are still however available on the Auto-enrolment and the LGPS courses but are filling up fast so, it is highly recommended that you book your places soon to guarantee a place.

UNDERSTANDING... CARE, Pay and Final Pay

05 January	London	Local Government House
12 January	Birmingham	Jury's Hotel
19 January	Cardiff	Marriott Hotel
26 January	Leeds	Marriott Hotel

UNDERSTANDING... AUTO-ENROLMENT & THE LGPS

09 February	Cardiff	Marriott Hotel
16 February	London	Jury's Hotel

23 February	Birmingham	Local Government House
01 March	Liverpool	Marriott Hotel
08 March	Leeds	Marriott Hotel
15 March	Exeter	Rougemont Hotel

For further information on each of the workshops, including intended audiences and a brief overview of the course contents, please click on the relevant link above or go direct to [Circular 294](#).

Legislation

United Kingdom

Act

[Finance \(no. 2\) Act 2015](#)

[Local Government \(Wales\) Act 2015](#)

SI	Reference Title
2015/1916	The Occupational Pensions (Revaluation) Order 2015
2015/1851	The Pension Schemes Act 2015 (Commencement No. 1) Regulations 2015

Northern Ireland

SR

2015/372

Reference Title

The Occupational Pension Schemes (Power to Amend Schemes to Reflect Abolition of Contracting-out) Regulations (Northern Ireland) 2015

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

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Distribution sheet

Pension managers (internal) of administering authorities
Pension managers (outsourced) and administering authority client managers
Local Government Pensions Committee
Trade unions
CLG
COSLA
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