

Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 144 – April 2016

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

lgpsmember.org

The new LGPS member website for the LGPS in England and Wales is now live and can be accessed at www.lgpsmember.org.

Feedback about the site is welcome and can be provided by emailing [Lorraine Bennett](mailto:Lorraine.Bennett@lgps.org) or by completing the pop up survey attached to the site. Members can also provide their feedback via the survey. You may notice that the survey doesn't pop up every time you visit the site, this is because it is set to pop up on 50% of visits to the homepage.

Our sincere thanks goes to Guy Hayton and colleagues at Merseyside Pension Fund for their feedback and technical support in the final stages of readying the new website for its launch and for setting up and monitoring the online survey.

Exit payment recovery – delay in implementation

Earlier this year (as outlined in [Bulletin 139](#)), the LGPC Secretariat responded to a [Government consultation](#) on draft regulations covering the recovery of exit payments.

Under the proposed reforms, when a person leaves a relevant public sector employment with a salary of £80,000 or higher and subsequently rejoins another part of the public sector within 12 months, they may have to pay a proportion of the exit payments they received back to their prior employer.

At the time we submitted our response, it was expected that the reforms would take effect from April 2016. However, the draft regulations have yet to be passed, and the exit payment recovery provisions will not take effect until these are on the statute books. Whilst the Government haven't stated when they now expect the reforms to take effect, we understand that they hope to have laid the regulations before Parliament before the start of summer recess in July.

DWP and New State Pension

The new state pension came into effect [on 6 April](#).

The DWP has published a [new fact sheet](#) entitled "Contracting out and why we may have included a Contracted Out Pension Equivalent (COPE) amount when you used the online service".

The DWP has also updated the following guidance and factsheets relating to the state pension:

- [glossary](#)
- [information booklet](#)
- [state pension top up guidance for pension advisers](#)
- [Q&A document for stakeholders](#)
- [promotional slides for stakeholders](#)

HM Treasury

On 5 April 2016 HMT issued a revised Ministerial Direction under Section 59A of the Social Security Pensions Act 1975, effective on and after 6 April 2016. The revised Direction affects the payment of pensions to relevant members on and after 6 April 2016.

Additionally, on 6 April 2016, HMT issued a revised note on the operation of pensions increase legislation for public service pension schemes. Funds must ensure that their pension payroll providers are aware of the changes that will affect those members reaching State Pension age on and after 6 April 2016 and prior to 6 December 2018.

Both documents are available on www.lgpsregs.org under Other Guidance [\[E&W\]](#) [\[Scotland\]](#).

HMRC

Countdown bulletins 15 and 16

The April editions of the HMRC bulletins on the ending of contracting out have been published on [the HMRC website](#).

Countdown bulletin 16 includes an article on GMP increments. We understand that the article caused some confusion amongst Scheme administrators and that in the next countdown bulletin a clarification will be printed. HMRC have confirmed the correct position is as follows:

- Where an individual defers payment of their GMP by 7 weeks or more after GMP age (60 for women and 65 for men) but remains in employment, the pension scheme are required to pay GMP increments in accordance with Section 15 of the Pension Schemes Act 1993.
- If an individual's State Pension age is before 6 April 2012, schemes must notify HMRC of all GMP increments by completion of the CA1597. This will prompt a review of the members State Pension and may result in an increase.
- If an individual's State Pension age is on or after 6 April 2012, schemes must notify HMRC of pre 88 GMP increments only by completion of the CA1597. The uprating of GMP increments by DWP ceased for those reaching SPA on or after 6 April 2012.
- Schemes are required to continue notifying HMRC via the CA1597 after April 2016.

Countdown bulletin 16 should also have included an appendix of the glossary of terms used by HMRC in responses to Scheme Reconciliation Service queries raised. This is attached as [appendix 1](#) to this bulletin.

Update on Scheme Reconciliation Service (SRS)

During April, HMRC issued an update on the SRS following the passing of 5th April 2016, the latest date that a pension scheme (or in the LGPS, fund) could register an Expression of Interest in using the SRS. It said:

“Background:

The introduction of the new State Pension brought about the ending of Contracting-out on 5th April 2016. In future HMRC records will show which schemes held occupational pension liability as at April 2016 but will not process transfers for periods after that date.

As Pension Scheme Administrators (PSAs) you will need to maintain your own records for the future and to help you reconcile your records with HMRC’s the Scheme reconciliation Service was introduced in December 2013.

Registration of an Expression of Interest (EOI) to use the SRS closed on 5th April 2016. Any EOI received after 5th April will be considered if there are exceptional circumstances for the late application. (Any late applications must be sent to the Customer Relationship Manager (CRM) via email to CRM.schemereconciliationservice.hmrc.gsi.gov.uk)

Next steps:

The EOI process was introduced to help HMRC understand the volume of queries we expect to receive and to plan resources to support Pension Scheme Administrators (PSAs) through the full process.

The CRM team will therefore contact all PSAs who have submitted an EOI to plan and allocate time slots for the receipt of queries. The aim is to agree timescales which are mutually acceptable. Where possible the team will prioritise this based on when the EOI was received, so the earlier you sent in an EOI, the sooner your time slot will be.

The team will also contact you near the agreed date to ensure that you are ready to submit your queries.

If time slots are missed it may be difficult to allocate an alternative date that is acceptable to both parties.

If you send in queries earlier than the agreed time slot the 3-month turnaround time will start from the originally agreed receipt date.

As the team will be contacting you shortly it would be useful if you are prepared to discuss timescales.

Further information will be made available in a future Countdown Bulletin

If you need to contact the team please use their mailbox:

CRM.schemereconciliationservice@hmrc.gsi.gov.uk”

The Pensions Regulator

Corporate plan 2016-19

The Pensions Regulator (TPR) has published its [corporate plan for 2016-19](#) which outlines TPR’s top ten priorities for the period up to 2019.

New scorpion campaign warning against pension scams

On 23 March TPR has launched a revamped [scorpion campaign](#) to warn individuals of the dangers of being scammed out of their retirement savings.

Swindon Town fined £22,900 by TPR

TPR has [fined Swindon Town Football Club](#) £22,900 for failing to put eligible workers into a pension scheme or comply with other workplace pension requirements.

NHS Trust scraps 'cash for pensions' arrangement

Following press coverage earlier in the year of an arrangement via which Oxleas Foundation Trust in south London offered new nurses higher salaries in return for opting out of the NHS Pension Scheme, [the Trust has reversed its decision and abandoned the scheme](#).

Other News and Updates

Revaluation of pension accounts

In England and Wales, we still await confirmation from DCLG as to the revaluation approach that should be adopted for members who left part way through the 2015/16 Scheme year but did not take their pension (i.e. deferred members):

- whether the -0.1% revaluation should be applied to such leavers at all,
- if it should be applied, whether it should be proportioned depending on when the member left during the year, and
- how the proportioning should be done, whether in line with the Pensions Increase (Review) Order or by another method.

We are aware that clarification on this matter is now quite urgent and we are supporting DCLG to aid conclusion.

In Scotland, SPPA have previously confirmed that the -0.1% revaluation should be applied on a proportioned basis in such cases. However, we understand it has still to be confirmed how this should be proportioned, whether in line with the Pensions Increase (Review) Order or by another method.

New and updated actuarial guidance/ factors

Updated actuarial guidance has been issued for both the LGPS in England and Wales and the LGPS in Scotland.

England and Wales

Updates to the many of the Scheme's actuarial guidance documents have been made to reflect:

- general updates that were needed (many of which were raised in [Bulletin 132](#)),
- the update to the SCAPE discount rate announced in the 2016 Budget, and
- the adjustment to the treatment of GMP figures in non-Club transfer and divorce CETV calculations.

On 29th April, the following pieces of revised guidance were issued by DCLG:

- Individual transfers
- Pension Credits on Divorce
- Pension debits on divorce
- Pensioner cash equivalents on divorce
- Early retirement

- LTA and limit on total amount of benefits
- Scheme pays/ Annual Allowance
- Trivial commutation
- Interfund transfers
- Purchase of Additional Pension
- AVC conversion to Additional Pension
- Inverse commutation
- Flexible Retirement

Accompanying the updated guidance was a covering letter from DCLG, confirming that:

- The guidance is to apply immediately. A further letter will be provided giving details on transitional arrangements for quotations provided before the 29th April.
- Guidance on late retirements will also follow.

All pieces of updated actuarial guidance will shortly be made available on www.lgpsregs.org under [DCLG statutory guidance](#).

Amongst the revised actuarial guidance was an updated version of the post-April 2014 additional pension guidance, incorporating updates to the following factors for both males and females:

- below NPA lump sum
- below NPA regular
- above NPA lump sum
- SPA adjustment factors.

The [national APC calculator](#) has been updated to include the new factors.

Scotland

Addenda to some of the Scheme's actuarial guidance documents have been issued to reflect:

- the update to the SCAPE discount rate announced in the 2016 Budget, and
- the adjustment to the treatment of GMP figures in non-Club transfer and divorce CETV calculations.

The following addenda were put on the [SPPA website](#) on 21st April and are now available on www.lgpsregs.org under [Statutory Guidance](#):

- Addendum – non-Club GMP adjustment for non-Club CETVs and CETVs on Divorce,
- Addendum – purchase of additional pension post-April 2015,
- Addendum – annual allowance charges, calculation of scheme pays offset
- Addendum – application of a pension credit to a former spouse or civil partner (post-2015),
- Addendum – application of a pension credit to a former spouse or civil partner (pre-2015),
- Updated factors – individual cash equivalent and Club transfers.

The implementation date for all the addenda is 16th March 2016.

The [national APC calculator](#) has been updated to include the new lump sum factors for post-April 2015 additional pension.

Freedom and Choice

Updates to the Freedom and Choice technical note will be made in the near future to cover the requirements of The Pension Protection Fund and Occupational and Personal Pension Schemes (Miscellaneous Amendments) Regulations 2016 [SI 2016/294].

This SI introduces a new regulations 19A into the Disclosure Regulations 2013. From 6th April 2016, the new regulation 19A requires schemes offering flexible benefits (e.g. AVCs, ***though note that at present the LGPS does not offer flexible benefit AVCs***) to provide members with flexible benefits a 'retirement risk warning' before they access their benefits.

A retirement risk warning is a statement that, amongst other things, sets out the characteristic attributes and features of the benefits the member may be considering taking from their flexible benefit. Under the legislation, the statement must be generic in nature and should cover factors that have the potential to affect the appropriateness of a certain type of benefit, based on, for example, health status and lifestyle choices.

A more detailed summary of the new requirements will be outlined in the Freedom and Choice technical note, when updated.

EU referendum – counting officer fees

The LGPC Secretariat have been asked whether counting officer fees for the upcoming EU referendum will be pensionable or not. After seeking confirmation with DCLG and SPPA, we can confirm that these payments are not currently pensionable under either the LGPS Regulations 2013 in England and Wales or the LGPS (Scotland) Regulations 2014 in Scotland.

Whereas in local and general elections, it is the 'returning officer' that fulfils the statutory functions set out in the relevant legislation, under the European Union Referendum Act 2015 it is the 'counting officer' which does so instead. Whilst the LGPS Regulations in both E&W and in Scotland provide for specific payments made to returning officers to be treated as pensionable, neither scheme provides for payments to counting officers to be treated as pensionable.

Is a counting officer a type of returning officer? Even though they have similar roles and the counting officer for the EU referendum will in most cases be, the same person as the returning officer for other elections, the conclusion reached is that they are separate roles and a counting officer is not a type of returning officer.

In England and Wales, DCLG are considering whether they would wish to change the 2013 Regulations to allow counting officer pay elements to be pensionable. However, unless there is a change to that effect, employers should be proceeding on the basis that the regulations will remain as they are.

Enhanced Protection and Split BCEs

Both the new and previous E&W actuarial guidance (see below article re. recent updates to the actuarial guidance) on the lifetime allowance and the total limit on benefits include

the following paragraph regarding notionally splitting the crystallisation of defined benefit rights for members with Enhanced Protection:

“3.6 DCLG has informed GAD that members will be able to notionally split the crystallisation of their defined benefit rights. This will allow members with Enhanced Protection to crystallise benefits below the relevant benefit accrual limit so Enhanced Protection is retained during that crystallisation. When the remaining benefits are crystallised, Enhanced Protection would be lost and the appropriate guidance in Section 2 for members with or without Primary Protection should be followed. The LGPS regulations do not provide for split crystallisation but DCLG have indicated to GAD that split crystallisation is in accordance with DCLG policy and confirmation they received from HMRC in 2006/07. Authorities, though, may wish to confirm with HMRC that they still accept split crystallisation. Further details on split crystallisation are contained in paragraphs 3.15 to 3.18.”

A concern was recently raised that split crystallisation can only be used where scheme rules specifically allow for this, which would suggest that a change in the 2013 Regulations would be necessary to allow for this. However, DCLG have confirmed that this is not necessary and that split crystallisation may continue to be adopted in line with the actuarial guidance.

The concern was only raised in the context of E&W, but there is no reason to suggest a different situation would apply in Scotland (the corresponding piece of Scottish guidance also includes a similar paragraph allowing for split crystallisation, even though this is not explicitly covered in the LGPS Regulations 2014).

Tell Us Once

As mentioned in an email sent to pension funds on 23rd March, funds that were:

- a) not fully onboarded for Tell Us Once by the end of April 2016, and
- b) not ‘actively engaged’ with onboarding at that time,

would possibly have to pay an additional onboarding fee of around £1,000 if they started onboarding for Tell Us Once after the end of April 2016. This fee is to reflect that Tell Us Once launched for public service pensions in March 2016 and the service has now moved from ‘new business’ to ‘business as usual’.

Even if you suspect you may be liable for the additional fee, we encourage you to sign up to Tell Us Once as the benefits of Tell Us Once should result in efficiency savings that far exceed the additional fee that may be payable. It is also a significant service enhancement for individuals having to inform a pension fund of the death of a scheme member.

To assist funds with setting up Tell Us Once, on 9th April we circulated a guide for LGPS on Tell Us Once onboarding. It lists all the steps needed for any fund to get set up for Tell Us Once. The guide is attached to this bulletin as [appendix 2](#).

For clarity, the potential charge relates to the Tell Us Once service alone. The LGPS Database is a completely separate system and no additional fee will arise where a fund has still to sign up to the Database or upload a membership file.

Sample pensions saving statement

Following the introduction of the annual allowance taper and the transitional arrangements for the 2015/16 pension input period, a request has been made for the LGPS Secretariat to produce a sample pensions saving statement (PSS) to be issued for members that breach the annual allowance or make a request for a PSS.

The LGPC Secretariat has commissioned a third party to develop a template statement and once finalised this will be shared with all funds.

We continue to work on an updated version of the annual allowance guidance and this will be put on www.lgpsregs.org as soon as it's published.

Updates to employee guides

In early April, updates were made to the full and brief employee and councillor guides for both the LGPS in England and Wales and the LGPS in Scotland. These were updated to reflect the following:

- Ending of contracting out
- Changes to automatic enrolment
- Changes to the lifetime and annual allowances
- References from 2015 to 2016 e.g. contribution table
- New member website – www.lgpsmember.org – *England and Wales only*
- Change to the APC limit from 1 April 2016 – *England and Wales only*
- Issue of LGPS Amendment Regulations – *Scotland only*

The updated documents may be found on www.lgpsregs.org:

England and Wales

- [Employees' guides](#):
 - Full – version 1.4
 - Brief – version 1.4
 - Promotional leaflet – version 1.2
- [Councillors' guides](#):
 - Full – version 1.3
 - Introductory leaflet – version 1.3
 - Update for councilors in England – version 1.3

Scotland

- [Employees' guides](#):
 - Full – version 1.4
 - Brief – version 1.4
 - Promotional leaflet - version 1.1
- [Councillors' guides](#):
 - Full – version 1.1
 - Brief – version 1.1

Other updates to [lgpsregs.org](http://www.lgpsregs.org)

During April 2016, the following updates were made on www.lgpsregs.org:

England and Wales:

- A [Withdrawn Guides](#) section was set up to include the following documents that are no longer being updated by the LGPC Secretariat:
 - LGPS 2014 Practitioner's Guide
 - AVC Scenarios document
 - Pensions Sharing on Divorce – *From April 2000, moved from the [LGA Pensions](#) site*
- A [Pensions Administration Strategies](#) page was set up to include sample documents for the use of other funds.
- The [Forms](#) page was updated to include the LGPC's:
 - sample ill health medical certificates,
 - sample opt out forms, and
 - transfer declaration forms and advice confirmation form.
- The [Legal Opinions](#) page was updated to include a July 2011 legal opinion on admission bodies and resolution bodies – *moved from the [LGA Pensions](#) site.*
- The [Administration Guides](#) page was updated to include:
 - an updated APC guide (version 1.8), and
 - the GMP payable table – *moved from the [LGA Pensions](#) site.*

Scotland:

- A [Withdrawn Guides](#) section was set up to include the following documents that are no longer being updated by the LGPC Secretariat:
 - LGPS 2015 Practitioner's Guide
 - Pensions Sharing on Divorce – *From April 2000, moved from the [LGA Pensions](#) site*
- The [Forms](#) page was updated to include the LGPC's:
 - sample ill health medical certificates,
 - sample opt out forms, and
 - transfer declaration forms and advice confirmation form.
- The [Administration Guides](#) page was updated to include an updated APC guide (version 1.8).

LGPC Conference

As detailed in [Bulletin 143](#) and [Circular 298](#), the 13th annual LGPC Trustees' Conference 2016 goes ahead this year on 23rd and 24th June at the MacDonal Manchester Hotel and Spa.

Further details are contained in the [Conference flyer](#). Due to the limited number of places available, those interested are advised to book their places soon on the [LGA Events](#) 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

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

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