

LGPC Bulletin 157 – April 2017

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

50/50 survey

On 6 April, the LGPC secretariat sent an email to all funds in England and Wales to advise them of a survey that has been placed on the www.lgpsmember.org website regarding the 50/50 section of the scheme.

The survey has been set up on request from the scheme advisory board, which, as part of the cost management process, is looking to ascertain the reasons for the low take up of the 50/50 section.

If funds have not yet done so, please make your members aware of the survey and encourage them to complete it, where applicable. We anticipate it will take around 30 seconds to complete as there are a maximum of three questions to be answered. Once the survey has been completed a completed status will be stored into a cookie in each user's browser so the user will not be asked to complete the survey again.

DfE/ DCLG information pages for academies

With the assistance of the LGA, the DfE and DCLG have [published a short guide](#) to the LGPS for academy employers. The guide was circulated to the LGA distribution list on 12 April and funds are asked to share this with their academies, as well as with schools in the process of converting to academy status (or considering doing so).

Update on Brewster case

As reported in [bulletin 154](#), HM Treasury were considering the implications of a judgement from the Supreme Court that said it was unlawful for the LGPS in Northern Ireland to make the completion of nomination form a condition of the payment of a cohabiting partner's pension.

As noted at the time, for the LGPS in England and Wales there was potential for the judgement to have implications for deaths where the member ceased active membership on or after 1 April 2008 and died before 1 April 2014 where no partner's pension was paid to a cohabiting partner and where the other qualifying criteria (other than the completion of a nomination form) would have been met.

We understand that HM Treasury have now provided guidance to departments on this matter and we therefore await notification from DCLG of the steps LGPS funds in England and Wales should be taking in respect of claims arising from the Brewster judgement. We have requested for this guidance to be issued urgently. In the meantime, administering authorities should not contact the LGPC pensions team for advice and guidance; any urgent queries should be sent direct to DCLG.

LGPS Scotland

SPPA Circular 2017/3 – Brewster judgement

As reported in [bulletin 154](#), HM Treasury were considering the implications of a judgement from the Supreme Court that said it was unlawful for the LGPS in Northern Ireland to make the completion of a nomination form a condition of the payment of a cohabiting partner's pension.

As noted at the time, for the LGPS in Scotland there was potential for the judgement to have implications for deaths where the member ceased active membership on or after 1 April 2009 and died before 1 April 2015 where no partner's pension was paid to a cohabiting partner and where the other qualifying criteria (other than the completion of a nomination form) would have been met.

On 25 April, SPPA issued [circular 2017/3](#) providing administering authorities in Scotland with guidance on how to proceed with claims arising from the Brewster case. In particular, the circular states:

“Scottish Ministers have decided that this change should be applied to any case from 1 April 2009, that has previously met the underlying conditions but which would not have gained entitlement, due to the lack of a nomination form.

In those cases, the member concerned should contact their administering authority for further advice and guidance.

*It remains the case that, to enable a nominated partner pension to be paid, the underlying conditions **must** be met.*

Administering Authorities are asked to ensure that the content of this circular is brought to the attention of all LGPS(S) employers and staff.”

SPPA Circular 2017/4 – annual update

On 25 April, SPPA issued [circular 2017/4](#) to:

- notify stakeholders of the increase to public service pensions with effect from 10 April 2017;
- advise that the rate to be used for the 2016/17 annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the 2015 Local Government Pension Scheme (Scotland) is 1%.

Scottish rate of income tax

In late March, the Government published [the Scotland Act 2016 \(Income Tax Consequential Amendments\) Regulations 2017](#) [SI 2017/468]. These regulations make consequential changes to various provisions of income tax legislation following the introduction of the Scotland Act 2016, which devolved the power to set Scottish income tax rates and thresholds on non-savings employment income, to the Scottish Parliament for the tax year 2017/18 and subsequent tax years.

Of the changes, those most relevant to Scottish taxpayers who are members of the LGPS are the amendments to sections 227 and 237B of the Finance Act 2004 providing that where there is an annual allowance charge the Scottish rates of income tax should be used.

HMRC

Countdown bulletins and list of articles

HMRC have confirmed that there will be no new issues of their contracting out countdown bulletins until after the general election on 8 June. However, in the absence of the bulletin HMRC have issued a number of key messages in the form of a Word document which is attached as [appendix 1](#).

HMRC have also begun to publish a 'list of articles' spreadsheet to help scheme administrators find topics previously covered in countdown bulletins. The latest version of this is attached as [appendix 2](#) and as future versions of the spreadsheet are issued, we will attach these to our bulletins.

Pension schemes newsletter no. 86

On 21 April, HMRC published [pension schemes newsletter no. 86](#) containing updates on a variety of topics.

Of particular interest to LGPS administering authorities is confirmation that HMRC have published two forms to help scheme administrators and trustees meet their information obligations on taxable lump sum death benefits paid to trusts.

The newsletter confirms:

“Scheme administrators should use [R185 \(Pension scheme admin\)](#) to provide information to a trustee, who is not a bare trustee, about a lump sum death benefit that was subject to the special lump sum death benefits charge under section 206 Finance Act 2004.

Scheme administrators should provide this within 30 days of making the payment to the trust. The trust receiving the payments should keep this form.

The trustees will need this so they can provide this information to the beneficiary if they make an onward payment.

A trustee, who is not a bare trustee, should use [R185 \(LSDB\)](#) to provide information to a beneficiary about a payment made to that beneficiary funded by a lump sum death benefit that was subject to the special lump sum death benefits charge under section 206 Finance Act 2004.

Trustees should provide this to the beneficiary within 30 days of making the payment, or within 30 days of receiving the information from the scheme administrator, whichever is the latest.”

Clarification on pension schemes newsletter no. 85

As reported in [bulletin 156](#), [pension schemes newsletter no. 85](#) confirmed that pension schemes should continue to use the interim process for reporting wholly non-taxable death benefits, as outlined in pension schemes newsletter 78. However, it should be noted that this requirement only applies to lump sum death benefits paid from the LGPS in certain circumstances.

The article in pension schemes newsletter 78 detailing the interim process referred back to a prior article in pension schemes newsletter 72 which confirmed that the reporting requirements relate to a variety of lump sum death benefits, including 'defined benefit lump sum death benefits'.

This appears to have caused some confusion as in pension schemes newsletter 75 HMRC included a clarifying article following a number of queries received. This notes that:

“With the exception of:

- *uncrystallised funds lump sum death benefits paid on the death of member before age 75 and within 2 years of notification of death*
- *defined benefits lump sum death benefits (DBLSDB) paid on the death of member before age 75 and within 2 years of notification of death*

all other death benefits should be reported through RTI, including payments that are now non-taxable.”

So, the reporting requirements detailed in pension schemes newsletter 78 only apply to LGPS death grants paid on the death of a member after the age of 75 and/or paid more than two years after the fund has been notified of the death (or more than two years after the fund could reasonably have been aware of the death). There is no RTI reporting requirement for death grants paid outside of these circumstances.

Updates to forms

In early April, HMRC updated the following forms on [the Gov.uk website](#):

- Overseas pension scheme notification (APSS250)
- Recognised overseas pension scheme notification (APSS251)
- Qualifying Recognised Overseas Pension Scheme - Change of details (APSS251A)
- Qualifying Recognised Overseas Pension Scheme - Change in status and notification of fund value (APSS251B)
- Payments in respect of relevant members (APSS253)
- Transferring UK tax-relieved pension assets (APSS262)
- Self Assessment: Tax return for trustees of registered pension schemes (SA970)

Other News and Updates

Finance (No. 2) Bill 2017 – MPAA and PAAP update

With the announcement of the general election on 8 June, the Government are seeking to pass the Finance (No.2) Bill 2017 into law on a consensual basis prior to the dissolution of parliament on 3 May. This has resulted in the Government dropping a number of clauses from the Bill, including:

- clause 12 - changes to the Income Tax (Earnings and Pensions) Act 2003 to mean that a pensions advice allowance payment (PAAP) of up to £500 under the Registered Pension Schemes (Authorised Payments) (Amendment) Regulations 2009 is exempt from income tax, and
- clause 16 - the retrospective reduction of the money purchase annual allowance (MPAA) to £4k from 6 April 2017.

Nonetheless, the Government have stated that there is ‘no policy change’ in respect of the dropped clauses and they intend to proceed with the changes in the next Parliament.

Insofar as the reduction to the MPAA relates, whilst the general election could bring about a change in Government and a different policy in respect of this matter, we recommend that funds proceed on the basis that the MPAA will retrospectively be

reduced to £4k from 6 April 2017, unless and until there is confirmation that a different policy applies.

In respect of the PAAP, in last month's bulletin ([156](#)), we included an article regarding the introduction of the payment and suggested that such payments could already be made from LGPS members' in-house AVC pots, subject to the policies of individual AVC providers. We have now reconsidered our view and believe that changes to the LGPS's regulations in England and Wales and in Scotland would be necessary for a PAAP from an LGPS in-house AVC to be payable. The dropping of clause 12 from the Finance (No. 2) Bill 2017 is therefore unlikely to have a practical impact on LGPS scheme administration in either England and Wales or in Scotland.

We have asked both DCLG and SPPA to consider their policy position in respect of whether the payment of PAAPs should be permitted from LGPS in-house AVCs.

QROPS - overseas transfers charge factsheet and amendments to forms

Following the introduction of the overseas transfer charge announced in the Spring Budget 2017 (see article in [bulletin 156](#)), the LGPC secretariat have published [a factsheet](#) for LGPS scheme administrators highlighting the key changes and impacts of the introduction of the charge.

In addition, the secretariat's suite of transfer declaration forms [have been updated](#) to reflect the introduction of the charge as well.

The Pensions Ombudsman newsletter no. 1 (March 2017)

The Pensions Ombudsman have published the first edition of a stakeholder newsletter which they plan on publishing on a quarterly basis going forward. This is attached to this bulletin as [appendix 3](#).

Funds are encouraged to review the newsletter and to provide the LGPC secretariat feedback on its content so that this can be passed back on to the Pensions Ombudsman. Additionally, if there is anything funds feel should be included in future editions of the newsletter, or which funds would like to contribute themselves, please let us know.

Tell Us Once – attendance at June 2017 technical group

Dave Mckale, the new LGPS contact at DWP in respect of Tell Us Once, will be attending the June 2017 meeting of technical group to introduce himself and to get feedback from funds on how the service works and whether changes could be made to improve how the service works in the future.

If funds have any feedback or ideas they would like to provide to Dave, please can these be fed through their technical group representative(s) in order to be raised at the meeting.

NHS public service history form

Further to articles in [bulletins 137, 139 and 145](#), the scheme administrators of the NHSPS have contacted the Secretariat regarding the completion of their public service history forms by LGPS administering authorities. These forms are necessary to establish whether any individual, who joined the NHSPS on or after 1 April 2012, would be entitled to ongoing benefit accrual in the last open NHS final salary pension scheme, as opposed to joining the NHS CARE pension scheme on 1 April 2015.

The first stage of determining such entitlement is to ascertain whether or not the member:
a) was an active member in the LGPS on 31 March 2012, and
b) on 1 April 2012 was 10 years or less from the normal retirement age (NRA) applicable to the member under the LGPS on that date.

If the answer to both of the above questions is yes, then the scheme administrator asks a similar set of questions regarding the protections within the NHS. If the answer to all of the questions is yes, then the member will remain in the last open final open NHS final salary pension scheme.

The scheme administrators of the NHSPS have to date sent out approximately 24,000 forms, of which 1,000 have been returned and around 400 are from ex-LGPS members. However, they have had cause to query around 130 of the returned forms as the date of birth of the member and the membership history suggested an alternative answer to that supplied. Of the replies received to those queried, 8 out of 10 responses have changed from the answers initially supplied. It would appear from conversations between the scheme administrator and LGPS administering authorities that Funds are answering question (b) above with reference to an alternative date rather than the NRA of the 2008 scheme, which is age 65.

The scheme administrators are about to send out another tranche of such forms and we would like to remind funds that when answering question (b) above, this is with reference to the NRA of the 2008 scheme – age 65.

Following this exercise, the public service history form will become part of the NHSPS new joiner pack and Funds can expect to receive such forms on an ad-hoc basis hereafter.

Pensions Policy Institute briefing note

The Pensions Policy Institute have issued [the final briefing note](#) in their series on the current state of private sector defined benefit pension schemes.

The final briefing note focusses on managing assets and investment strategy. Whilst the series is primarily concerned with private sector defined benefit pension schemes, some of the topics covered in the papers may be of general relevance to LGPS administering authorities.

Updates to documents/ lgpsregs.org/ calculators

Aside from the updates referred to elsewhere in this bulletin, during April the following updates were made on the LGPC secretariat's websites:

- Updates to guides – England and Wales (see <http://lgpsregs.webdigi.co.uk/resources/guidesetc.php>):
 - Brief employee guide – version 1.6
 - Full employee guide – version 3.0
 - Promotional leaflet – version 1.3
 - Full councillor guide – version 1.6
 - Introductory leaflet (councillors in Wales) – version 1.4
 - April 2014 update (councillors in England) – version 1.6
 - LTA factsheet – version 1.3
 - AA factsheet – version 1.3
- Updates to guides – Scotland (see <http://www.lgpsregs.org/index.php/scotland>):

- Brief employee guide – version 1.5
- Full employee guide – version 1.2
- Promotional leaflet – version 1.2
- Full councillor guide – version 1.2
- Brief councillor guide – version 1.2
- LTA factsheet – version 1.3
- AA factsheet – version 1.3
- Updates to calculators:
 - APC calculator (E&W) - <https://lgpsmember.org/more/apc/index.php>
 - Contributions calculator (E&W) - <https://lgpsmember.org/more/contscalcalc.php>
 - APC calculator (Scot) - <http://www.scotlgps2015.org/apc/>

Relaunch of LGA corporate website

The LGA's corporate website, www.local.gov.uk, has recently been relaunched, resulting in a change to the location of the pensions pages on the site. The new link to the LGA pensions pages is <http://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-pensions>.

LGA events can still be booked on the LGA events pages at <http://www.local.gov.uk/events>.

Trustees' Conference 2017 and employer role training

On 28 March, the LGPC Secretariat issued [circular 303](#) and a [flyer](#) for 2017's trustee conference, being held this year on 29-30 June 2017 at the Marriott Highcliff Hotel in Bournemouth.

The conference retains its popular lunchtime-to-lunchtime format and this year is themed 'Brave New World'. Booked speakers come from a range of perspectives on the LGPS and include the Chair of the Scheme Advisory Board (E&W), Cllr Roger Phillips.

Although historically aimed at elected members, the conference will be of interest to other people who attend pension committees, panels or sub-committees etc (e.g. employing authority, trade union and pensioner representatives, as well as officers). Since 2015, it has also attracted many local pension board members as the conference programme is of equal relevance to board members.

The conference also acts as an annual update for those persons who have been through the LGPC's "Fundamentals" course, keeping them up-to-date with developments in the local government pension world.

To book, please visit the [LGA Events](#) website.

There are also still limited spaces on the overflow Employer Role Training in:

Cardiff – [6 June](#) and
London - [13 June](#)

Legislation

United Kingdom

Acts	Reference Title
2017/17	The Pension Schemes Act 2017
SI	Reference Title
2017/522	The Judicial Pensions (Fee-Paid Judges) Regulations 2017
2017/512	The Judicial Pensions (Additional Voluntary Contributions) Regulations 2017
2017/508	The Judicial Pensions (Amendment) Regulations 2017
2017/600	The Contracting-out (Transfer and Transfer Payment) (Amendment) Regulations 2017

Useful Links

[LGA Pensions page](#)

[LGPS E&W member 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.

Jeff Houston (Head of Pensions)

Telephone: 0207 187 7346

Email: jeff.houston@local.gov.uk

Terry Edwards (Senior Pensions Adviser – LGPC Secretariat)

*(NB: Normal working days are Thursday and Friday. Works on pension projects and is **not** a contact for technical enquiries)*

Telephone: 01954 232 834

Email: terry.edwards@local.gov.uk

Tim Hazlewood (Pensions Training & Development Manager)

*(NB: Normal working days are Monday and Tuesday. Works on training events and conferences only and is **not** a contact for technical enquiries)*

Telephone: 01455 824 850

Email: tim.hazlewood@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Lorraine Bennett (Pensions Adviser – LGPC Secretariat)

Telephone: 0207 187 7374

Email: lorraine.bennett@local.gov.uk

Con Hargrave (Pensions Adviser – LGPC Secretariat)

Telephone: 0207 664 3176

Email: cornelius.hargrave@local.gov.uk

Bob Holloway (Pensions Secretary – LGPS Scheme Advisory Board (E&W))

Telephone: 07919 562847

Email: robert.holloway@local.gov.uk

Liam Robson (Pensions Analyst – LGPS Scheme Advisory Board (E&W))

Telephone: 0207 664 3328

Email: liam.robson@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 0207 187 7344

Email: elaine.english@local.gov.uk

Alison Hazlewood (Part-time Administration Assistant - Training & Development)

Email: alison.hazlewood@local.gov.uk

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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LGPC Secretariat
Layden House
76-86 Turnmill Street
London
EC1M 5LG
or email: [Con Hargrave](mailto:Con.Hargrave@lga.gov.uk)
tel: 020 7664 3176