

Local Government Pensions Committee  
Secretary, Jeff Houston

## LGPC Bulletin 162 – September 2017

Please contact [Jayne Wiberg](#) 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**

### **The Police, Fire and Crime Commissioner for Essex (Fire and Rescue Authority) Order 2017 [SI 2017/864]**

The above regulations deal with the transfer of the fire and rescue function from Essex Fire and Rescue Authority to Essex PCC. They were laid before Parliament on 8 September 2017 and come into force on 1 October 2017.

Regulation 16 modifies regulation 64 (special circumstances where revised actuarial valuations and certificates must be obtained) of the LGPS Regulations 2013 so that they are to be read as if after 64(8), new paragraphs (8A) and (8B) were inserted. These paragraphs confirm that no exit payment is due where the exiting employer is the Essex Fire Authority and the liabilities of the fund in respect of the benefits due to the Essex Fire Authority's current and former employees (or those of any predecessor authority) have been or are to be transferred to the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority under a transfer scheme made under section 4C of the Fire and Rescue Service Act 2004.

## **HMRC**

### **HMRC Newsletter 90**

On 31 August 2017, HMRC published [newsletter 90](#). The newsletter contains a number of articles covering:

- The annual allowance calculator and the fact that HMRC intend to release an updated version in the autumn
- A reminder to issue Pension Savings Statements to those members who have exceeded the annual allowance during 2016/17
- An update covering 'relief at source' re Scottish income tax
- A reminder to report transfers to QROPS and report where there has been an overseas transfer charge
- An update covering the new pensions on-line service

### **HMRC Newsletter 91**

On 29 September 2017, HMRC published [newsletter 91](#). The newsletter contains a number of articles including:

- A further update on the new pensions on-line service
- The new lifetime allowance scheme administrator look up service
- Reporting the overseas transfers charge on the Accounting For Tax return (AFT) – which, from 1 October 2017 must be reported (and the tax paid) quarterly. For the quarter ending 30 September 2017, this should include any taxable overseas transfer made between 9 March 2017 and 30 September 2017, inclusive
- An update to the Pension Saving Statements article included in newsletter 90 confirming that the deadline for members who plan to submit a paper self-assessment return is 31 October 2017

### **New Lifetime Allowance Scheme Administrator Look-up Service**

On 20 September 2017, the Secretariat circulated an email from HMRC confirming that the new lifetime allowance scheme administrator look-up service had just gone live on the GOV.UK website. Funds can use the look-up service to check the lifetime allowance protection status of their members. To use this service the scheme member will need to

provide the administering authority with their protection notification number and their scheme administrator reference number, which can be found within their personal tax accounts.

### **Data submission to HMRC for 2016/17 Pension Saving Statements**

On 30 September 2017, Lorraine Bennett forwarded an email from HMRC confirming that they are prepared to accept scheme data regarding pension savings statements for 2016/17 on an excel spreadsheet rather than through the scheme's Event Report. All other scheme events for 2016/17 must be submitted via Pensions Online.

If authorities wish to use the spreadsheet method, please let [David Roper](#) at HMRC know and confirm that you also understand that late filing penalties may be due if the information is not provided by 31 January 2018.

Further information about the data requirements and submission process was included in Lorraine's email.

### **Publication of Countdown Bulletin 27**

HMRC have published their [Countdown Bulletin 27](#) on 30 August 2017. The bulletin covers a number of updates regarding the reconciliation exercise including raising and responding to queries.

In particular, and further to our article in [Bulletin 150](#), HMRC have confirmed that a CEP cannot be reclaimed where contracted-out LGPS scheme membership (i.e. membership built up prior to 6 April 2017 – known as 'pre-abolition' membership) is aggregated with contracted-in LGPS scheme membership (i.e. membership built up after 5 April 2016 – known as 'post abolition' membership). Whether or not the aggregated benefits should be reduced to take account of the fact that the CEP cannot be reclaimed, is a matter for Secretary of State to determine, accordingly the Secretariat will notify DCLG.

Conversely, it would appear that a CEP can be reclaimed where pre abolition LGPS scheme benefits are transferred to the post abolition benefits of another registered pension scheme. This is by virtue of regulation 14(1)(b) the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015 [SI 2015/1677].

It seems to the Secretariat that this is an inconsistent approach given that a CEP cannot be reclaimed upon the aggregation of pre and post abolition LGPS scheme membership, as such the Secretariat has queried this understanding with DWP.

## **Other News and Updates**

### **Automatic Enrolment**

#### **Transitional Delay**

Employers who used transitional delay will be aware that the end of the transitional period is 30 September 2017. We encourage employers to review the [transitional delay guidance](#) on TPR's website and to note the implications of the 12 month opt out exception for transitional delay.

For LGPS employers who used transitional delay, in essence, this means that an employer **cannot** automatically enrol an eligible jobholder who opted out more than 12

months before the transitional delay assessment date of 1 October 2017. As this exception was introduced by the Occupational and Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations 2015 with effect from 1 April 2015, it is likely to have changed the position for many employers whose staging date was prior to 1 April 2015. These employers will have sent letters to eligible jobholders to whom transitional delay was applied informing them that they will be enrolled into the LGPS on 1 October 2017 if they meet the eligible jobholder criteria on that date. However, where the worker opted out more than 12 months before 2 October 2017 this cannot now happen. It would be advisable for employers to write to such individuals to inform them they will not be automatically enrolled from 1 October 2017 and to remind them of their option to opt in to the LGPS.

In addition, employers should also be aware that [TPR's guidance](#) (see paragraphs 73 to 78) states that where an individual to whom transitional delay was applied is not an eligible jobholder on 1 October 2017 the employer must keep assessing the worker each pay reference as usual. If at any point after 1 October 2017 the eligible jobholder criteria are met, unless one of the exceptions apply, the individual must be automatically enrolled with effect from 1 October 2017 i.e. active membership must be backdated to start from 1 October 2017 irrespective of the date the employee first meets the eligible jobholder criteria after 1 October 2017. Obviously, this could have serious consequences if employers are required to backdate contributions for several years. We have been seeking clarification from DWP on this and will provide further information as soon as it becomes available

Administering authorities may wish to alert employers in the Fund to the above.

### **New Automatic Enrolment brief guide and withdrawal of the full guide**

A new version of the automatic brief guide (version 7.0) was uploaded to both [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org) on 5 September 2017.

The new version is a complete rewrite of the guide meaning that a tracked version is not available. The new guide aims to supplement the information provided by the Pensions Regulator (TPR); it covers automatic enrolment from the perspective of the LGPS and TPS and contains signposts to the detailed guidance available on TPR's website. The sample letters have also been updated and are now contained in a standalone document (rather than as part of the full guide) – clean and tracked version of these are also available on [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

The full guide (version 6.2) has now been removed and placed under the 'withdrawn guides' section of the website and will no longer be maintained. We have taken this decision because in 2017 automatic enrolment, for the most part, is simply 'business as usual' and the TPR website contains the vast majority of information needed by an employer.

### **The Employers' Duties (Miscellaneous Amendments) Regulations 2017**

The above regulations were laid in Parliament on 5 September 2017 and come into force from 1 October 2017.

The purpose of these regulations is to amend The Employers' Duties (Implementation) Regulations 2010, so that those regulations work as intended for newly created (PAYE and non-PAYE) employers. The amendments include:

- aligning the timing of the deferral date in relation to postponement so that for staging and post-staging employers the period for which automatic enrolment can be deferred is the same i.e. three months and one day; and
- changes to ensure that employers whose first eligible worker is employed before 1 October 2017, but who first pays PAYE income tax on or after 1 October 2017, are able to defer automatic enrolment by using postponement.

The automatic enrolment brief guide will be updated in due course.

### **LGPS Contracted-out Reconciliation Survey**

On 30 August 2017, at the request of HM Treasury, the Secretariat surveyed all LGPS funds to determine the overall current position with regard to the contracted-out reconciliation process. Thank you to the 67 funds who responded. From the information provided to date, representing 4.4 million members (active, deferred and pensioner members), it would appear that approximately 1.9 million records have been reconciled leaving a known 2.2 million records that have yet to be reconciled.

However, the combined membership of all 3 LGPS schemes (LGPS England & Wales, LGPS Scotland and LGPS NI) amounts to approximately 5.9 million members therefore, 1.5 million members are unaccounted for. By way of a reminder, please can those funds who have yet to respond provide their figures to [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) as soon as possible so that these statistics can be completed. If a fund has not started the reconciliation process, please simply provide the total number of cases to be reconciled which will most likely be the fund membership as at 5 April 2016.

### **Tell Us Once**

Beth Cassidy is the new LGPS relationship manager at DWP. Beth joined the team in July 2017 and is hoping to attend the national technical group meeting in December 2017, both to introduce herself, as well as to gather suggestions and feedback for how the service could be developed and improved in the future. Therefore, if funds have any suggestions for how the ‘Tell us Once’ service can be developed and improved, please can they feed these through to their POG technical group representative.

### **LGPS Transactions Data**

GAD have confirmed that where a member with an AVC elects to use some or all of that AVC to purchase additional pension from the scheme (pre and post 2014 AVCs or pre and post 2015 AVCs for LGPS Scotland) for the purposes of complying with the LGPS transactions data requirements, the values can be categorised as post-2014/post-2015. Ideally, they should be identified separately to other contributions though if for practicality reasons, this is not possible, funds can include this in with post-2014 / post-2015 main section pensions generally.

### **Annual LGPC Subscription Levy**

On 18 September 2017, the Secretariat emailed all Funds with a letter containing this year’s LGPC Subscription levy. The invoices will be sent out in early October so please can you supply Elaine English [elaine.english@local.gov.uk](mailto:elaine.english@local.gov.uk) with a valid PO number and the mailing address to which you would want the invoice to be addressed to by, the end of this month.

## **GDPR – PLSA**

Matthew Burrell, PLSA's Senior Policy Adviser for DC, has written a guest blog for the Pension Regulator about the new data protection rules coming into force from May 2018 and what they mean for pension schemes. The blog is available on the TPR's website [here](#).

PLSA have also produced a new GDPR [Made Simple guide](#) to help schemes understand the new rules.

## **The LGA is moving back to Westminster**

On the 27 October 2017, we will be moving back to our offices at Smith Square, Westminster. The refurbished offices will be known as 18 Smith Square rather than Local Government House. Our new address will therefore be 18 Smith Square, Westminster, London SW1P 3HZ.

## **Training**

Following a successful recruitment exercise earlier in the summer, a new Pensions Adviser for training will be joining the team in early November. We will circulate details of the training plan for 2018 when it is agreed and finalised.

[Circular 304](#), issued in June, contains details of the LGA's 2017 Fundamentals training programme. The programme incorporates all legislative changes since last year's programme (incorporating those related to "pooling") and all sessions will be refreshed to keep them up-to-date, relevant and interesting. Despite the year on year revision of course materials, the aim of the LGPC remains unaltered; that is to deliver a single training course covering all aspects of the Scheme, including "Benefits" and "Fund" administration as well as "Investments".

The fundamentals course runs on an annual basis and provides an insight into LGPS "trusteeship" for newly elected Committee/Board members, whilst also serving as an update/refresher course for longer-serving members. The course is of three days duration, spread over a number of months.

The course is not limited solely to pensions committee and local pension board members. Past delegates have included trades union representatives, member and employer representatives, a variety of officers who attend/support committees and some private sector organisations who provide services to administering authorities.

Places on the courses may be booked via the following links (please note spaces for London are now fully booked and Cardiff now have limited availability): If you would like to be put on the reserve list please email: [elaine.english@local.gov.uk](mailto:elaine.english@local.gov.uk)

Leeds	Day 1	<a href="#">4 October</a>	
	Day 2	<a href="#">1 November</a>	
	Day 3	<a href="#">5 December</a>	
London	Day 1	<a href="#">10 October</a>	FULLY BOOKED
	Day 2	<a href="#">15 November</a>	FULLY BOOKED
	Day 3	<a href="#">13 December</a>	FULLY BOOKED

Cardiff	Day 1	<u>18 October</u>
	Day 2	<u>29 November</u>
	Day 3	<u>20 December</u>

## Legislation

SI	Reference Title
2017/864	The Police, Fire and Crime Commissioner for Essex (Fire and Rescue Authority) Order 2017
2017/868	The Employers' Duties (Miscellaneous Amendments) Regulations 2017
2017/916	The Pensions Act 2014 (Commencement No 11) and the Pension Schemes Act 2015 (Commencement No 2) Regulations 2017

## Useful Links

[LGA Pensions page](#)

[LGPS member website](#) (England and Wales)

[LGPS 2015 member website](#) (Scotland)

[LGPS Advisory Board website](#) (England and Wales)

[LGPS Regulations and Guidance website](#) (England and Wales)

[LGPS Regulations and Guidance website](#) (Scotland)

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

## Pensions Section Contact Details

If you have a technical query, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and one of the team's LGPS pensions advisers will get back to you.

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### 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)

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### **Distribution sheet**

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