

Local Government Pensions Committee  
Secretary, Jeff Houston

## **LGPC Bulletin 170 – April 2018**

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 & Wales

### The Local Government Pension Scheme (Amendment) Regulations 2018 [SI 2018/493]

The above [regulations](#) were laid before parliament on 19 April 2018 and come into force on 14 May 2018, with the exception of the provisions listed in regulation 3(3), which come into force on 1 April 2014.

The regulations amend the Local Government Pension Scheme Regulations 2013 [[SI 2013/2356](#)] and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [[SI 2014/525](#)] adding clarity, and addressing issues that were raised during the 2016 consultation, as good stewardship of the regulatory framework of the Scheme.

Following a review of the regulations, the Secretariat will publish a further bulletin setting out the impact of these regulations. We hope to publish this bulletin in the next two weeks.

## LGPS Scotland

### SPPA website redesign

On 26 April 2018, SPPA contacted stakeholders to confirm that a project to redesign the SPPA's website had begun. The SPPA wish for their customers' needs to drive the design of the website and therefore, they would like to involve LGPS members and employers in this project.

The Gate, a design agency, has been contracted to build the new website and they will be working closely with the SPPA website project team. The team are looking to form a customer panel to give feedback about the website and test the new versions as these are designed.

Some of the customer panel events will take place at the Gate's offices in Edinburgh, but there will also be several opportunities for remote testing and telephone interviews so that they can consult as wide a range of our customers as possible. The first set of interviews will begin the week commencing 30 April and there will be further opportunities throughout the summer.

Stakeholders interested in joining the customer panel were required to sign up (by completing a [short survey](#)) by close of play Thursday 26 April. Any questions regarding the project should be sent to either [Jackey Forbes](#) (stakeholder engagement leader) or [Hana Chambers](#) (project manager).

## DWP

### New State Pension (nSP) – updated guidance

On 9 April 2018, DWP [published revisions](#) to their guidance on the nSP. The [new State Pension](#) is for people who reach [State Pension age](#) on or after 6 April 2016. The revisions take into account the new values for earnings, national insurance contributions and the new amount of nSP for 2018/19.

## HMRC

### Annual Allowance calculator – temporarily unavailable

On 17 April 2018, the Secretariat forwarded the email below from HMRC:

*“Unfortunately, following the addition of the 2018/2019 tax year, the pensions annual allowance calculator is not working as it should in some cases.*

*As this is not in line with the level of service that HMRC is committed to provide, and to make sure customers get the right results from the calculator in future, we have temporarily removed access to the calculator until we have updated it. We apologise for any inconvenience caused by this.*

*Your scheme members can find general guidance on annual allowance at [Tax on your private pension contributions: Annual allowance - GOV.UK](#).*

*More detailed guidance can be found in the Pensions Tax Manual available on the GOV.UK website at [www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm050000](http://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm050000) This will help your members to work out whether they have exceeded their available annual allowance and whether they will incur a tax charge.*

*We are working to update the annual allowance calculator and will let you know our progress on this via our [Pension schemes newsletters - GOV.UK](#)”*

### Countdown bulletin 33

On 16 April 2018, HMRC published [countdown bulletin 33](#) including articles on:

- multiple periods automated solutions
- phase 6 automated solutions
- scheme cessation reminders
- refund for Scheme Reconciliation Service (SRS) queries

### Pension Schemes Newsletter 97

On 28 March 2018, HMRC published [pension schemes newsletter 97](#) including articles on:

- Form APSS262 – reporting overseas transfers
- New pensions online service newsletter
- Finance Act 2018 (see [separate article](#) covering this Act)
- Annual Allowance
- Outstanding accounting for tax charges

In particular, HMRC have published new guidance called [pension schemes: work out your reduced \(tapered\) annual allowance](#) to help scheme members’ work out their tapered annual allowance.

## Other News and Updates

### Updates to guides and factsheets

In March 2018, we published [bulletin 169](#) containing the annual updates for 2018/19. In April 2018, we have revised and published a number of our guides, sample letters and leaflets to take account of these changes.

The employee and councillor guides have been updated to incorporate the annual updates and the new signposting for TPO, who has taken over responsibility for the dispute resolution function from TPAS. Tracked and clean versions of the documents below are available on the guides and sample document page of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### England and Wales

Employees – brief guide – version 1.7 (tracked and clean)

Employees – promotional leaflet – version 1.5 (tracked and clean)

Employees – full guide – version 4.0 (tracked and clean)

Councillors – April 2014 – update for Councillors in England – version 1.7 (tracked version is not available as the only change is the links within the document).

Councillors – full guide – version 1.7 (tracked and clean)

### Scotland

Employees – brief guide – version 1.6 (tracked and clean)

Employees – promotional leaflet – version 1.3 (tracked and clean)

Employees – full guide – version 1.6 (tracked and clean)

Councillors – brief guide – version 1.3 (tracked and clean)

Councillors – full guide – version 1.3 (tracked and clean)

The automatic enrolment brief guide (version 9.0) and sample letters (version 2.0) have also been updated. Clean and tracked versions are available on the guides and sample document page of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org)

### Your LGPS contacts

We would like to remind all administering authorities that they are responsible for maintaining and updating the following contacts via the 'Your LGPS Contacts' system:

- pensions manager details for display on [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org)
- administration contracts for our administration distribution list e.g. for the monthly bulletin
- scheme member contacts for display on [www.lgpsmember.org](http://www.lgpsmember.org) (and [www.scotlgpsmember.org](http://www.scotlgpsmember.org) once launched)
- finance and investment contacts for our finance and investments distribution list
- political contacts (pensions committees and local pension boards).

We are receiving quite a few bounce backs when we send communications using the contacts held on the system and would be grateful if all funds could review their details and update them where necessary.

The 'Your LGPS Contacts' system was launched in November 2017 – see [bulletin 164](#) for more information.

### **Discretionary Policies**

Regulation 60 of the LGPS Regulations 2013 (regulation 58 of the LGPS (Scotland) Regulations 2014) prescribes that the scheme employer must maintain a number of mandatory discretionary policies. These include policies on, the funding of additional pension, early retirement (LGPS Scotland only), flexible retirement (both in whole and in part), the waiving of actuarial reductions and the award of additional pension.

Following the introduction of the new schemes in 2014 (England & Wales) and 2015 (Scotland), the scheme employer must have considered and published their policies by 1 July 2014 (LGPS England & Wales) and 1 July 2015 (LGPS Scotland). There are also a number of other mandatory policies relating to the earlier regulations that must also be determined upon. The regulations also explain that the policies must be kept under review and where there is a change in policy, revised and published before the expiry of one month by when the changes are effective.

With time swiftly passing by since the introduction of the new schemes in 2014 and 2015, administering authorities may wish to remind scheme employers of the requirement to keep their policies under review in order to ensure that they remain up to date. The Secretariat published a full list of all the discretionary policies (mandatory and otherwise) together with an explanatory document, which can be found on [www.lgpsregs.org](http://www.lgpsregs.org) (England & Wales) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org) (Scotland) under the 'guides and sample documents' page, to assist all parties.

### **GDPR – comes into force on 25 May 2018**

As reported in [bulletin 160](#), on 25 May 2018, the EU's General Data Protection Regulation (GDPR) comes into force containing new standards for the protection of individual's personal data in the European Union.

To assist all organisations to implement the new regime, the Information Commissioner's Office (ICO), the UK's independent authority set up to uphold information rights in the public interest, maintains a wealth of information on their [website](#); this includes a [data protection self-assessment toolkit](#) as well as information specific to different types of [organisations](#) (e.g. Local Government, charities, education etc.).

In addition, the Secretariat has published various documents to support administering authorities, including an '[actions for administering authorities](#)' document, template privacy notices, a memorandum of understanding and a Q&A for members. These documents can be found in the 'guides and sample documents' area on [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## GDPR – Memorandum of Understanding and example documents from WMPF

In [bulletin 166](#), we confirmed that the LGPC Secretariat, on behalf of LGPS administering authorities, had commissioned Squire Patton Boggs to produce a template Memorandum of Understanding (MOU) document for administering authorities to issue to participating employers in their fund.

On the 1 April 2018 the Secretariat notified administering authorities that it had published the MOU on the the guides and sample documents page of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

The aim of the document is to set out that participating employers in the LGPS are able to share data with the LGPS administering authority without a data sharing agreement being in place (i.e. that there is no legal requirement for employers to have a data sharing agreement with LGPS administering authorities as they are both data controllers). As the document states, it will need to be tailored to the specific circumstances of each fund. The notes on the first page of the document along with the footnotes and optional text (which is shown in square brackets) should be considered when tailoring the document. Scottish administering authorities will also need to amend the legislative references to the LGPS 2013 Regulations to the LGPS (Scotland) 2014 Regulations.

In addition, the Secretariat's notification also included example documents from West Midlands Pension Fund (WMPF) who kindly agreed to share the documents listed below.

- a template privacy impact assessment ([Appendix 1](#))
- data protection policy ([Appendix 2](#))
- a template incident report form ([Appendix 3](#)).

Please note, the above documents are provided as example documents only; the LGPC Secretariat have had no input into their creation.

## GDPR – privacy notices

We understand that some funds received requests from their fund actuary for the fund to assist with sending privacy information to fund members on behalf of the actuary.

We asked Squire Patton Boggs for their view on the matter – this is provided below:

*As part of the administering authority's analysis of what personal data is collected, how it is processed and who it may be transferred to (often called "data mapping"), it is likely that administering authorities will have identified one or more other data controllers who receive Fund personal data. For example, the Institute and Faculty of Actuaries has advised its members that individuals acting in a statutory capacity as "scheme actuary" (rather than simply acting on behalf of their firm when it provides general actuarial services) are likely to be data controllers in their own right, alongside the administering authority or trustees of a private sector pension scheme. Some other professionals, such as your auditors and lawyers, may have also advised you they consider themselves to be data controllers.*

*Any such other data controllers will have their own, separate obligations under GDPR to provide a privacy notice to any Fund members whose personal data they receive when providing services to the administering authority. However, in practice it is likely the administering authority will be asked to assist with that process, either by sending the adviser's privacy notice to Fund members or by including a link in the administering authority's own privacy notice to the adviser's website, where a copy of the adviser's*

*privacy notice can be accessed. This link could, for example, be included within the table of current advisers in the template LGPS privacy notice.*

### **LTA and AA member factsheets**

On 29 March 2018, the Secretariat informed administering authorities that it had published revised versions of both the lifetime allowance (version 1.5) and annual allowance (version 1.4) member factsheets to the guides and sample documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org). Tracked and clean versions of both documents are available.

Following publication of the above, we received a request to amend the example in the AA factsheet so that the pension build up reflected what it would be in the LGPS (which it did not previously do). Therefore, on 16 April 2018, the AA factsheet was further revised and version 1.5 published.

### **Outcome of Walker v Innospec Limited and others – implications for public service pension schemes**

It has been publicised on the Teachers' Pension Scheme [website](#) that following the Government's consideration of the implications for public service pension schemes of the outcome to the [Walker \(Appellant\) v Innospec Limited and others \(Respondents\)](#) case, regulatory changes will be introduced to provide that:

1. survivors of same-sex marriages and civil partnerships are to be treated in the same way as widows of opposite sex marriages (survivor benefits in relation to service from 1 April 1972 or 6 April 1978 if the marriage was after the last day pensionable service); and
2. the change applies from the date civil partnerships and same-sex marriages were implemented.

Interestingly, that the same treatment is not being extended to widowers (male survivors of opposite sex marriages). The reasoning for the decision is set out in the Q&A document available on the [TPS website](#).

MHCLG/SPPA have confirmed that they are currently considering their position to determine what recommendation they will make to Ministers/Scottish Ministers on how to proceed with regards to the LGPS.

### **Provision of interim technical support to the LGA**

In [bulletin 165](#), we confirmed that Con Hargrave has been seconded to MHCLG for a period of six months from 2 January 2018.

We are pleased to confirm that from 3 April 2018 Local Pensions Partnership (LPP) are providing interim technical support to the LGA. The Secretariat welcomes Steven Moseley, who will be responding to technical queries from administering authorities and employers, during this period. In this capacity, Steven will be acting on behalf of the LGA and not LPP. Steven has a number of years' experience in the LGPS having joined Cumbria Pension Fund in January 2006 and is currently a Senior Technical Officer for LPP.

## **The Finance (No.2) Act 2017**

[The Finance \(No.2\) Act 2017](#) ('the Act') received royal assent on 16 November 2017 and introduces a number of changes to income tax measures as set out below.

### **PILON (Pay in lieu of notice)**

Section 5 of the Act amends and inserts new sections to the [Income Tax \(Earnings and Pensions\) Act \(ITEPA\) 2003](#) and introduces a change to the way PILON is taxed.

The change is effective for terminations on or after 6 April 2018 and aims to bring fairness and clarity to the taxation of termination payments by stipulating that all PILONs, rather than just contractual PILONs, are subject to tax and NICs.

Any payment that the employee would have received if they had worked their notice period, even if the employee is asked to leave immediately or part way through their notice period, will be taxed and subject to Class 1 NICs. The employer must calculate what the employee's basic pay would have been had he or she worked the notice period, using a formula set out in the [legislation](#). This amount will be subject to tax and NICs as earned income.

It is important to note that PILONs are not pensionable as per regulation 20(2)(d) of the LGPS Regulation 2013 (regulation 20(2)(d) LGPS (Scotland) Regulations 2014).

All other termination payments remain included within the scope of the £30,000 tax exemption. The Government [announced](#) in November 2017 that there is a delay in implementing the policy to make employer NICs payable on termination payments above £30,000. Thus, the introduction of employer NICs on termination payments above £30,000 will now take effect from 6 April 2019 rather than 6 April 2018.

### **Personal Advice Allowance Payment (PAAP)**

Section 3 of the Act amends Chapter 9 of Part 4 of the [Income Tax \(Earnings and Pensions\) Act 2003 \(ITEPA 2003\)](#) and introduces a new income tax exemption to cover the first £500 worth of pension advice provided to an employee (including former and prospective employees) in a tax year, effective retrospectively from 6 April 2017.

As confirmed in [bulletin 156](#) this change will not impact on LGPS members as the LGPS regulations would need to be amended before such a payment from in-house AVCs could be facilitated.

### **TPAS launches free phone helpline number**

[The Pensions Advisory Service](#) (TPAS) has announced their new **0800 011 3797** number that will allow customers to access the service completely free of charge. The previous local rate number will remain in use to ensure customers can still access the service if they are unaware of the new number.

### **The Pensions Ombudsman (TPO) - signposting**

In April 2018, TPO announced some important changes to the way in which they deliver their service. These changes will have an impact on how stakeholders, providers, schemes and administrators refer to TPO, on websites and in product and complaint literature.

TPO has received feedback from their stakeholders confirming their concerns that signposting to TPO was unclear, inconsistent and very confusing for the public. It was

agreed that what was needed was clear generic signposting, which the pension industry could consistently apply.

At the same time, TPO have been working closely with colleagues in the Department for Work and Pensions (DWP), the Financial Conduct Authority (FCA), the Financial Ombudsman Service (FOS) and TPAS, which has led to further significant changes in their way of working. As a result, TPO have produced a generic template ([appendix 4<sup>1</sup>](#)) agreed with DWP, FCA, FOS and TPAS. The changes include:

- revised memorandum of understanding with FOS,
- changes to FCA guidance and the DISP rules,
- transfer of the TPAS informal dispute resolution function to TPO,
- transfer of staff and volunteers from TPAS to TPO,
- TPO relocation to Canary Wharf and
- TPO free phone number.

TPO hope the use of consistent wording will strengthen and simplify signposting to their service and ultimately streamline the customer journey. More information is available on their [website](#).

## Training

The training survey closed on the 10 April. Thank you to all who participated. The feedback and comments are being analysed and we will be advertising our programme shortly.

A summary of the high-level results for both the practitioner and employer surveys can be found in [appendix 5](#). Meanwhile if you have any training requests for the year going forward please do contact [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk)

## The wider landscape

### Master Trusts – new supervisory and regulatory regime

TPR have published a [consultation](#) on a new code of practice for the authorisation of master trust pension schemes, such as NEST (the workplace pension scheme set up the government).

Master trust pension schemes account for almost 10 million members in around 80 schemes (at January 2018). The government's aim is to provide members of master trusts with a level of protection equivalent to that of members of personal pension schemes.

The new code represents a significant departure from previous codes as it outlines a new way of working for TPR. From 1 October 2018, for the first time TPR will be directly

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<sup>1</sup> The original TPO word document mistakenly contained the TPAS contact number of 0300 123 1047. However, TPAS have since published a free phone number of 0800 011 3797, which the Secretariat has inserted for convenience.

authorising and supervising particular pension schemes. The consultation closes on 8 May 2018.

### Protecting Defined Benefit Pensions Schemes – white paper

In March 2018, DWP issued a white paper titled '[Protecting Defined Benefit Pension Schemes](#)'. This follows last year's Green Paper on the security and sustainability of DB pension schemes.

The paper recognises that although the UK already has a robust system in place to protect defined benefit (DB) pensions, a tougher approach is needed for those who fail to act responsibly. The white paper sets out the Government's approach which aims to maintain confidence in DB pensions by increasing the protection of members' benefits. It proposes changes in three main areas:

- strengthening TPR's powers
- improving the funding regime
- consolidating schemes.

### TPR and FCA joint call for input

On 19 March, TPR and the Financial Conduct Authority published a [joint call for information](#) on a strategic approach to regulating the pensions and retirement income sector. They are seeking views on the biggest current and potential risks in the sectors and how they should be tackled. The call for input closes on 19 June 2018. Information on the final strategic approach is to be published in the autumn.

## Legislation

### United Kingdom

Act	Title
<a href="#">SI 2018/530</a>	<b>Reference Title</b> The Police Pension Schemes and Additional Voluntary Contributions (Amendment) (England and Wales) Regulations 2018
<a href="#">SI 2018/493</a>	<b>Reference Title</b> The Local Government Pension Scheme (Amendment) Regulations 2018
<a href="#">SSI 2018/124</a>	<b>Reference Title</b> The National Health Service Pension Scheme (Scotland) (Additional Voluntary Contributions) Regulations 2018
<a href="#">SSI 2018/123</a>	<b>Reference Title</b> The National Health Service Superannuation Scheme (Scotland) (Miscellaneous Amendments) (No. 2) Regulations 2017 Amendment Regulations 2018

## 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)

[Public Sector Transfer Club](#)

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

## LGPS 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.*

### Jeff Houston (Head of Pensions)

Telephone: 0207 187 7346

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### Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

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### Lorraine Bennett (Pensions Adviser – LGPC Secretariat)

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**Con Hargrave (Pensions Adviser – LGPC Secretariat)** - currently on secondment to MHCLG (see [bulletin 165](#) and [article](#) regarding interim technical support within this bulletin)

### Karl White (Pensions Adviser (Training) – LGPC Secretariat)

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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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