

Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 191 – November 2019

Foreword

This bulletin contains a number of important updates for LGPS administering authorities, scheme employers and software providers; whilst also providing a general update for all stakeholders.

Of particular importance are the following articles which require action by certain stakeholders:

- [CEPs – all payments must cease](#)
- [TPR Guidance on transfers and conversions updated](#)
- [FCA publish video to help consumers understand pension transfer advice](#)
- [LGPC subscriptions 2019/20](#)
- [Teachers' pension employer contribution grant](#)

If you have any comments on the contents of this bulletin or wish to suggest items that might be included in future bulletins, please contact query.lgps@local.gov.uk.

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Aggregation guide – version 1.9

On 6 November 2019 Rachel Abbey notified administering authorities that version 1.9 of the Aggregation technical guide has been published.

We have:

- made significant changes to the format of the guide, with the aim of making it more user-friendly. This means that that a ‘tracked changes’ version would not be useful so only a ‘clean’ version is available.
- replaced the summary previously provided in Part 1 with a table summarising the aggregation rules for each scenario and added a definitions section.
- removed the ‘Outstanding issues’ section that set out proposals to move back to an ‘aggregation by election’.
- included the latest position concerning the regulation changes recommended to MHCLG by the national Technical Group, via the Scheme Advisory Board’.

The guide can be found on the ‘[Guides and sample documents](#)’ page of www.lgpsregs.org.

Good governance project - update

Further to the articles in bulletins [185](#), [187](#) and [188](#) the Scheme Advisory Board (SAB) have published [Phase II of the Good Governance report](#). The report makes recommendations (see appendix A of the report for a summary of these) for new standards of governance and administration and proposes how they can be measured and assessed independently. The recommendations cover the areas below:

- general governance
- conflicts of interest
- representation
- skills and training
- service delivery for the LGPS function
- compliance and improvement

Comments on the phase II report should be sent to Robert.Holloway@local.gov.uk .

At their meeting of 6 November 2019, SAB agreed that phase III of the project, including draft statutory guidance on governance compliance statements and establishing a set of key performance indicators should now be developed. Final proposals for phase III of the project will be considered by SAB when it next meets on the 3 February 2020.

McCloud – latest position

The Scheme Advisory Board has updated the [McCloud page](#) of www.lgpsboard.org with its understanding of the latest position. This update is in addition to the background information and Q&A for administering authorities that has already been published.

McCloud – pension tax data request

In [bulletin 190](#) we confirmed that MHCLG and HM Treasury had requested data from administering authorities to help with policy planning in relation to McCloud and wider pension tax issues affecting the public sector.

We understand that a number of administering authorities experienced difficulty in obtaining accurate data in relation to the underpin. Consequently, MHCLG paused the underpin element of the data request, though this may be reinstated in the future.

The information requested in questions 3 to 5 (relating to HM Treasury's ongoing tax project) is still required. If you have not already done so please can you send your completed spreadsheets to lgpensions@communities.gov.uk as a matter of urgency.

Pensions Made Simple - member videos

We are pleased to announce that the '[Pensions Made Simple](#)' [member videos](#) are now available to view on both the desktop and mobile versions of www.lgpsmember.org.

There are seven videos in total with English and Welsh versions available for all. The videos are hosted on Vimeo. If you want to embed the videos on your fund's website the code to do this is available at <http://www.lgpsregs.org/resources/calccode.php>

We would like to thank Andy Hemming (WMPF), Steve Jones (Merseyside), Cheryl Platts (Buckinghamshire), and Leah Swane (Shropshire) for their input on the project. We would also like to thank Meirion Jones and Gwennan Williams from Gwynedd for their invaluable help with the Welsh translation.

Action for administering authorities

Please let your employers know about the videos so that they can publicise them to their employees.

Pension fund annual reports 2019

Regulation 57 of the LGPS Regulations 2013 requires administering authorities to publish their pension fund annual report, in relation to the Scheme year ending on the 31 March, on or before the following 1 December.

However, since the Local Government [Accounts and Audit Regulations 2015](#) brought forward the deadline, from 2018, to 31st July; from 2018 onwards, we understand that many local authorities have brought forward publication of their Pension Fund Annual Report and Accounts accordingly. Please email a copy of your annual report (or hyperlink) to liam.robson@local.gov.uk when it is available (by Friday 29 November 2019 at the latest). These reports will be uploaded to the Scheme Advisory Board's website [Fund Annual Report 2019](#) page.

Responsible Investment Guidance Consultation

On 22 November 2019 Bob Holloway emailed stakeholders with part 1 of the Responsible Investment Guidance consultation. The [consultation](#) can be found on the Scheme Advisory Board (SAB) [website](#). Comments on the draft guidance and details of case studies should be sent to Robert.holloway@local.gov.uk by the 11

January 2020. When responding, can consultees please restrict comments to the scope and content of the part 1 guidance, bearing in mind that other relevant issues will feature in part 2 of the guidance.

A Responsible Investment workshop will be held on the 15 January 2020 at 18 Smith Square. This is arranged in conjunction with DG Publications, details of the event can be found at <https://www.dgpublishing.com/responsible-investment-forum/registration/>.

SAB meeting of 6 November 2019 – update

On the 14 November 2019 the Scheme Advisory Board (SAB) published [a summary](#) of its meeting held on 6 November 2019. Topics discussed include the McCloud judgment, the good governance project, responsible investment guidance, cost transparency and the CMI data request. Full details of the meeting and agenda papers can be found at www.lgpsboard.org. The next SAB meeting will take place on 3 February 2020.

Survivor membership guide – version 2.0

On 4 November 2019 Jayne Wiberg notified administering authorities that version 2.0 of the Survivor membership guide has been published. Updates are largely clarifying amendments together with a minor technical change. Clean and track changes versions can be found on the '[Guides and sample documents](#)' page of www.lgpsregs.org.

TPR Scheme Return – standard conditional data extract report

In [bulletin 187](#) we confirmed that on 4 July 2019 pension managers and software suppliers were emailed with a standard conditional data extract report, to be scored in the Pension Regulator's (tPR) 2018/19 annual scheme return.

Due to an oversight, the water mark "Draft" remained on the data extract report which has led to some confusion regarding the status of the document. It is now to be made clear that the data extract circulated in July was the final version agreed by the working group as a basis for ongoing discussions between administering authorities and their software provider.

Since July, it has become apparent that a number of administering authorities have, for a variety of reasons, chosen not to adopt the standard extract for conditional data. Although adoption of the standard extract is not mandatory, administering authorities and their software providers should be aware that tPR will be checking the 2018/19 returns early in the New Year for consistency and accuracy. We cannot rule out the possibility that we may come under pressure to establish a mandatory data extract should there be shortcomings against tPR expectations. The stakeholders working group will be re-convened to discuss the next steps and to assist their consideration it would be helpful if administering authorities could email Robert.holloway@local.gov.uk with details of how they have either scored their conditional data or are intending to do so.

The Local Government Pension Scheme (Amendment) Regulations 2019 [SI 2019/1449]

The above [regulations](#) were laid before Parliament on 5 November 2019 and are effective from 31 December 2019. They amend the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 by introducing survivor benefits payable under the earlier regulations for opposite-sex civil partnerships. A person who is the surviving opposite-sex civil partner of a deceased member will be provided with a survivor pension calculated on the basis that the survivor is a widow or widower, depending on their gender.

For background information see the article later in this bulletin on [the Civil Partnership \(Opposite-sex Couples\) Regulations 2019 \[SI 2019/1458\]](#). The Survivor benefits guide will be updated in due course to reflect these changes.

DWP

Consultation on simpler ABS for workplace pensions

Defined benefit schemes and public sector schemes are not currently in the scope of this [consultation](#). However, there will be the opportunity to learn lessons about the potential applicability to these schemes in the future and, the consultation asks (question 3) whether these schemes should be included this time around?

In 2017, the Government undertook a [review](#) looking at how to build on the success of automatic enrolment. The review identified annual benefit statements (ABS) as being often ineffective and a lost opportunity because they are too long and complex, meaning that some savers do not understand or engage with the information they receive. At the PLSA conference in October 2018, a [simpler annual benefit statement](#) was launched for providers to voluntarily use with the support of the Minister of Pensions and Financial inclusion ([bulletin 177](#)).

On 1 November 2019, DWP published a [consultation](#) titled 'Simpler annual benefit statements for workplace pensions' that closes at 11.45pm on 20 December 2019. The consultation looks at how to deliver better ABS that are shorter, simpler and have information that is easy to understand and will help members plan for the retirement they want. In particular it considers whether or not this can be achieved voluntarily or by mandating through legislation.

HMRC

CEPs – all payments must cease

In [bulletin 185](#) we confirmed that you must notify HMRC of all outstanding unpaid contribution equivalent premiums (CEPs) by 4 June 2019 (this date was later extended to 19 July 2019 for certain parties). HMRC would then complete the Scheme Financial Reconciliation exercise as set out in [Countdown Bulletins 45 to 49](#).

In [bulletin 190](#) we mentioned that HMRC had informed the LGA that some LGPS administering authorities are still sending CEP notifications and payments. Unfortunately despite the article in bulletin 190, some administering authorities are

continuing to make CEP notifications and payments. These actions must cease with immediate effect as it is no longer possible to pay CEPs.

Urgent action for administering authorities

Please review your processes and update them where necessary to ensure that you do not send any further CEP payments or notifications to HMRC.

Pension schemes newsletters 114 and 115

On 30 October 2019 and 26 November 2019, HMRC published Pension Schemes Newsletter (PSN) [114](#) and [115](#). Of particular interest in both newsletters are the articles on annual allowance (AA) scheme pays.

HMRC have published a new guide about paying the AA tax charge for pension scheme members. The guide titled '[who must pay the pensions annual allowance tax charge](#)' has information about 'mandatory' and 'voluntary' scheme pays and provides links for members on declaring their AA charge on their self-assessment return. Administering authorities are asked to remind those members who have exceeded their annual allowance for 2018/19 and who do not have sufficient unused annual allowance to carry forward to cover the excess, that they must declare this on their Self-Assessment tax return, even if the administering authority is paying the tax charge.

TPO

Ombudsman's Determination – [PO 17634](#) – Ill Health

This complaint is about an ill health application from deferred status. It covers:

- administrative delays between 2011 and 2016,
- a request for the member to pay for the cost of a specialist report, and
- the fact that once the pension was awarded in 2016, it was only backdated to 2015 and not 2011, the date of the original request for payment.

The Ombudsman upheld the member's complaint and to put matters right instructed the Council to consider backdating the ill health pension to May 2011. The Council was also instructed to pay £1000 to the member for causing serious distress and inconvenience.

TPR

News roundup and messages

On 14 November 2019 TPR published its [news roundup and messages](#) webpage. This page covers the latest news, recent publications, communication campaigns, upcoming events, speeches and news from TPR partners.

The Public Service Governance and Administration Survey 2019

TPR sent out their Public Service Governance and Administration Survey 2019 to administering authorities on 6 November 2019. The survey deadline is 29 November 2019. As with previous years, if necessary, TPR will allow a limited period extension, please contact TPR [directly](#) if this is the case.

Guidance on transfers and conversions updated

TPR has updated its [guidance](#) on DB to DC transfers and conversions. This guidance is aimed primarily at addressing statutory transfers of DB benefits made in accordance with Part 4ZA of the Pension Schemes Act 1993.

Paragraphs 37 to 39 and footnote 24 have been updated to reflect changes to the Financial Conduct Authority's (FCA) financial register. On 9 December 2019, the FCA is replacing its Approved Persons Regime with the Senior Managers and Certification Regime (SM&CR). Only senior managers and selected other roles will now need to be approved. Other individuals, for example those carrying out customer-facing roles, will be subject to a certification regime carried out by their firm and most will not appear on the FCA register going forward. A new directory containing data on certified individuals will be released in 2020. Find out more in the [FCA's policy statement](#).

Action for administering authorities

You should continue to check the Register for firm details. However, you will then need to contact firms directly to confirm that the relevant individual works for that firm or check an appropriate third-party directory.

Other news and updates

LGA Pensions Adviser vacancy

The LGA is [recruiting](#) for a pensions adviser to lead on the development and implementation of an extended service to LGPS Scotland. It is a full-time role that can be either office (London) or home based. The salary scale ranges from £41,675 to £47,736 (plus London weighting where appropriate).

The closing date for applications is 3 January 2020; interviews will be held on 13/14 January 2020. For more information or to discuss this opportunity please contact Jeff Houston (07786 681 936) or Lorraine Bennett (07766 252847).

LGPC subscriptions 2019/20

The 2019/20 LGPC subscription invoices were issued on 11 November 2019. If you have not received an invoice please contact [Elaine English](#) as soon as possible.

Action for administering authorities

Please arrange for your invoice to be paid promptly.

Teachers' pension employer contribution grant

The Department for Education (DfE) is funding the increase in employer contributions in the form of a teachers' pension employer contribution grant for schools and local authorities. Detailed guidance about the grant for September 2019 to March 2020 can be found on the [DfE website](#). For ease, we have provided a [note](#) highlighting the key points with links to further guidance on the DfE website.

Action for administering authorities

Please pass information about the grant on to your schools, including any academies to which you provide services.

FCA publish video to help consumers understand pension transfer advice

In August 2019 the Financial Conduct Authority (FCA) published a [17 minute video](#) explaining the transfer process. The video will be helpful to those who:

- have transferred out their defined benefit pension and are unclear whether they received good quality advice, and
- are considering transferring out their defined benefit pension and want to understand what the process should look like before they start.

A link to this video will also be available on the member website at www.lgpsmember.org.

Action for administering authorities

Please review your transfer communications to make sure that your members are aware of this video before making an election to transfer benefits out of the scheme.

The Civil Partnership (Opposite-sex Couples) Regulations 2019 [SI 2019/1458]

On 5 November 2019 the Government made the Civil Partnership (Opposite-sex Couples) Regulations 2019 [[SI 2019/1458](#)] which are effective from 2 December 2019. This means that an opposite-sex couple can give notice of a proposed civil partnership on 2 December 2019 after which the 28 day waiting period will commence (section 11 of [The Civil Partnership Act 2004](#)). This means an opposite sex civil partnership registration can take place from 31 December 2019.

These regulations were made in response to the Government [consultation](#) published on 10 July 2019, which proposed changing the law to allow opposite-sex couples to form civil partnerships (section 2 of the [Civil Partnerships, Marriages and Deaths \(Registration etc\) Act 2019](#)).

Also amended is section 37 of the Marriage (Same Sex Couples) Act 2013. This limits the conversion of a civil partnership into a marriage, to couples in same sex civil partnerships only. The Government has not made provisions to allow a marriage to be converted into a civil partnership.

The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2019 [NISR 2019/206]

The above [regulations](#) were made on 23 October 2019 and come into operation on 18 November 2019, with some amendments having an earlier effect. They amend the LGPS (Northern Ireland) 2014, the 2014 Transitional Regulations (NI) together with a number of earlier regulations.

The regulations make various technical changes / clarifying amendments, and they also:

- remove the requirement for a nomination form to be completed to qualify for a cohabiting partner's benefit,

- provide that, from 18 November 2019, an eligible cohabiting partner must be able to marry or enter into a civil partnership with the member at the date of death only, rather than for a continuous period of two years before the date of death,
- allow payment of death benefits after two years, and
- introduce gender neutral factors for the payment of additional pension contributions.

Training

Annual governance conference update – Circular 315

Our annual Governance Conference is taking place in York on 23/24 January 2020 and is [open for booking](#). The theme for the conference is ‘Public service pension reform – life after Hutton’. We are pleased to confirm our key-note speakers are Anthony Arter - the Pensions Ombudsman and Lord Hutton of Furness.

For more information, including the conference programme and a full list of confirmed speakers see [circular 315](#) and the [conference flyer](#).

Wider landscape

Independent Schools Phased Withdrawal Proposal - LGA response

In [bulletin 189](#) we reported that the Department for Education (DfE) had opened a [consultation](#) to gather views on a proposal to change the Teachers’ Pension Scheme (England and Wales) rules to allow independent schools to opt out of the scheme more flexibly. The LGA [responded](#) on 1 November 2019.

NHS Pension Scheme: increased flexibility consultation

In [bulletin 189](#) we reported that the Department for Health and Social Care had opened a [consultation](#) on a new set of proposals to offer senior clinicians more control over their pensions growth, so they can continue to provide the services that patients need. The LGPS Scheme Advisory Board England & Wales informally [responded](#) on 1 November 2019.

Temporary solutions to avoid pension tax bills in the NHS

The NHS in:

- [England](#) have signed off on plans to pay the pensions tax bills of doctors for the 2019/20 pension input period, and
- [Scotland](#) have agreed to give experienced staff the option of receiving their employer pension contributions as part of their basic pay (for the period from 1 December 2019 to 31 March 2020).

Both of these interim solutions are an attempt to avoid those affected reducing their hours or retiring early. It is hoped that this will ensure crucial services are maintained as demand on both health services continues to increase.

Pension Schemes Bill – second reading delayed

In [bulletin 190](#) we reported that that a new [Pension Schemes Bill](#) would be introduced to strengthen TPR’s powers, provide a framework to support pensions dashboards and introduce regulations covering the right to a pension transfer.

The first reading of the Bill took place on 15 October 2019 and the second reading of the Bill was scheduled to take place on 30 October 2019. However this was delayed with no replacement date set, as the UK moves towards a general election on 12 December 2019.

Legislation

United Kingdom

SI	Reference Title
2019/1425	The Finance Act 2004 (Specified Pension Schemes) Order 2019
2019/1433	The Occupational Pensions (Revaluation) Order 2019
2019/1449	The Local Government Pension Scheme (Amendment) Regulations 2019
2019/1458	The Civil Partnership (Opposite-sex Couples) Regulations 2019

Northern Ireland

NISR	Reference Title
2019/206	The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2019

Useful links

[LGA Pensions page](#)

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

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

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

[LGPS Advisory Board website](#) (Scotland)

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

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

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

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Distribution sheet

Pension managers (internal) of administering authorities

Pension managers (outsourced) and administering authority client managers

Local Government Pensions Committee

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CLG

COSLA

SPPA

Regional Directors

Private clients

The Pensions Regulator

The Pensions Ombudsman

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