

LGPC Bulletin 216 – November 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

This bulletin contains updates for all LGPS stakeholders. It includes important articles on:

- [SPPA consultation on amendment regulations](#)
- [submitting event report data to HMRC by email](#)
- [new restrictions on transfers to prevent pension scams](#) in operation from 30 November 2021
- [the introduction of the Finance \(No.2\) Bill 2021/22](#) which increases the normal minimum pension age from 2028.

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board (SAB)

UN letter about investments in the Israeli settlement economy

On 22 November 2021, Michael Lynk, United Nations (UN) Special Rapporteur on the Palestinian Territories sent a [letter to all LGPS pension committee chairs](#). The letter asks a number of questions of LGPS administering authorities concerning investment in companies that may be involved in the Israeli settlement economy.

The Scheme Advisory Board (SAB) will discuss the letter when it meets on 13 December 2021. In the meantime, the Chair and secretariat will seek clarification on the issues raised in the letter. Administering authorities may wish to wait for that clarification before responding to the letter.

Code of transparency updated

The SAB consulted Code signatories on changes to the Code of Transparency over the summer. The amended Code was approved by the SAB at their meeting on 27 September 2021. You can find the updated Code wording on the [Code of Transparency](#) page of the Board website.

LGPS Scotland

Advisory Board papers for meeting on 24 November 2021

The Scottish Local Government Pension Scheme Advisory Board last met on 24 November 2021. You can access the papers for the meeting and the minutes for the meeting held on 22 September 2021 at www.lgpsab.scot.

Digital signature function added to APC calculator

We have updated the application form on the [additional pension contribution \(APC\) calculator](#) to allow applicants to enter a digital signature and date. Applicants have the option of either:

- downloading and printing a pdf version that they can sign by hand
- entering a digital signature and date (the applicant can then email the form to the employer / administering authority, as appropriate).

Action for administering authorities

If your members use the application form on the APC calculator, please let your employers know about the digital signature function.

SPPA launches consultation on draft amendment regulations

On 1 November 2021, the Scottish Public Pensions Agency (SPPA) launched a consultation on the draft Local Government Pension Scheme (Scotland) (Amendment) Regulations 2021.

In the main, the regulations propose to:

- clarify the rules allowing deferred members who left before 1 April 2015 to elect for early payment between 55 and 60 without needing their former employer's consent
- allow pension credit members who were awarded the credit under the Local Government Pension Scheme (Scotland) Regulations 1998 or under the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 to elect for early payment at a reduced rate on or after age 55, rather than on or after age 60
- clarify the underpin calculation so that the comparison considers any actuarial reductions and increases
- amend how survivor partner pensions are calculated so that male survivors of opposite-sex marriages, survivors of same-sex marriages and surviving same-sex civil partners are placed in a similar position to female survivors of male married members. The amendments apply to all deaths on or after 5 December 2005
- amend how cohabiting partner pensions are calculated so that all membership is used if the cohabiting partnership was entered into before the member left the Scheme. The amendments apply to all deaths on or after 1 April 2015
- provide more flexibilities when dealing with exiting employers
- allow amendments to employer contribution rates in between valuations
- amend the cost cap figure from 15.5 per cent to 15.2 per cent, correcting an error identified by the Government Actuary's Department.

You can view the consultation documents on the [Scheme consultations](https://www.scotlgpsregs.org) page of www.scotlgpsregs.org.

The consultation closes on 7 January 2022. We will be submitting a response, which we will share in advance of the closing date.

Action for administering authorities

Please publicise the consultation to your scheme employers.

HMRC

Annual and lifetime allowance event report data 2020/21

On 10 November 2021, Lorraine Bennett forwarded an email from HMRC to all administering authorities.

The email confirms that HMRC is prepared to accept the annual allowance event report data for 2020/21 on an excel spreadsheet, rather than through the event report. You must submit this data by 31 January 2022.

The data required for each member is:

- name (Title, first name, surname)
- National Insurance number
- aggregate Pension Input Amounts for the scheme
- tax year ending
- have you provided this member with a pension saving statement under regulation 14A(1)(b)(ii) SI 2006/567 (Money purchase pension savings statement)?
- if yes, provide the aggregate Pension Input Amounts for money purchase arrangements.

You must supply the data on a MS Excel spreadsheet encrypted via Winzip.

HMRC has not yet updated the event report to include lifetime allowance protections that members applied for online. You can also submit these details to HMRC on a password-protected spreadsheet. You must submit this by 31 January 2022.

If you choose to supply information to HMRC in this way, this is at your own risk.

Action for administering authorities

Review the email and follow the instructions when submitting the annual and lifetime allowance event report data for 2020/21.

Pension schemes newsletter 134

On 29 October 2021, HMRC published [Pension schemes newsletter 134](#). The newsletter includes articles on:

- Measures announced by the Government in the Autumn Budget:
 - the introduction of top-up payments to low-earning individuals who contribute to a pension scheme that operates a net pay arrangement. These top-up payments will be payable from the 2024 to 2025 year onwards
 - extending the Scheme pays reporting and payment deadlines, as we reported in [Bulletin 212](#).

You can read more about the introduction of top-up payments to low earning individuals in the [GAD technical bulletin on the Autumn Budget 2021](#).

- Migration to the Managing pension schemes service:
 - the list of pension schemes that need to migrate on to the Managing pension schemes service will be available mid to late November
 - you must enrol on the Managing pension schemes service to view a list of your pension schemes
 - if you enrol on the Managing pension schemes service incorrectly, you will need to wait 24 hours before you de-enrol.
- New security measures when accessing your business tax account.

Managing pension schemes service newsletter

On 18 November 2021, HMRC published their latest Managing pension schemes service newsletter. The newsletter contains updates on:

- Pension scheme migration – administrators can now view a list of schemes they need to migrate to the Managing Pension Schemes service. Only pension scheme administrators can view the list of schemes. You must be enrolled on the Managing Pension Schemes service to see the list.
- Only schemes with a status of ‘open’ on the Pension Schemes Online service are on the list. You will need to contact migration.mps@hmrc.gov.uk about any inactive schemes, missing schemes or schemes listed that you do not recognise.
- Guidance on how to [prepare to migrate your pension schemes](#) to the Managing Pension Schemes service.
- Special arrangements for organisations with multiple scheme administrator IDs and practitioners with multiple IDs.

- Future developments of the service.
- Appendix A of the newsletter provides information on setting up users and assigning access to the Managing Pension Schemes and Pension Schemes Online services

Pension schemes newsletter 135

On 30 November 2021, HMRC published [Pension schemes newsletter 135](#). The newsletter includes articles on:

- migration to the Managing Pension Schemes service which was covered in the previous article
- how to request deletion of a scheme administrator ID if you are no longer acting for any pension schemes
- a request that you remind members who have incurred an annual allowance tax charge in 2020/21 to declare this in their Self Assessment tax return. They will need to do this if they do not have sufficient unused allowance to carry forward. They will also need to declare an annual allowance tax charge if they have elected for Scheme pays
- a reminder to use the correct charge reference when you are paying Accounting for Tax charges.

Policy paper: Taxation of public service pension reform remedy

On 27 October 2021, HMRC published a [Policy paper on the taxation of public service pension reform remedy](#). The paper outlines changes to the tax regime that are required to implement the McCloud remedy in the unfunded public service pension schemes.

Provisions will be made in the Finance (No.2) Bill 2021-22 concerning:

- making compensation payments paid to a member who has been underpaid exempt from tax charges
- allowing individual protection 2016 to be based on the higher of the two pension choices available under deferred choice
- increasing annual allowance so any annual allowance charge is not more than the member would have paid if they had been in their chosen scheme in the relevant payment input period
- a tax charge paid in one scheme will be deemed to have been paid in the scheme the member chooses, if different

- late payment of pension and lump sums will be treated as meeting the conditions to be authorised if they would have been authorised payments had they been made at the relevant time.

We await information on how similar protections will be introduced for LGPS members.

DWP

DWP updates guidance on pensions after Brexit

On 1 November 2021, the Department for Work and Pensions (DWP) updated its [guidance on Benefits and pensions for UK nationals in the EU, EEA or Switzerland](#). The guidance explains the rights of UK nationals in the EU, the European Economic Area (EEA) or Switzerland to benefits and pensions. The latest updates cover UK nationals living in Switzerland.

TPO

TPO stakeholder survey

The Pensions Ombudsman (TPO) is seeking your views on how you think it is doing and where it can improve things. TPO would be grateful if you could complete the [Stakeholder survey](#) which is open until Wednesday 8 December 2021.

One of TPO's strategic goals is to support and influence the pensions industry and the wider alternative dispute resolution sector to deliver effective dispute resolution. Your feedback is important as it will help to shape TPO's future planning, identify areas for improvement and improve the complaints process for its customers.

Other news and updates

Pension scams: new restrictions on transfers

On 8 November 2021:

- the Government published its [Response to Pension scams: empowering trustees and protecting members consultation](#)
- [The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) [SI 2021/1237] were laid
- the Pensions Regulator (TPR) published [TPR guidance on dealing with transfer requests](#).

You can find links to the consultation documents and the LGA response on the:

- [Non-scheme consultations](#) page of www.lgpsregs.org and
- [Non-scheme consultations](#) page of www.scotlgpsregs.org.

The regulations take effect from 30 November 2021. They introduce further legal restrictions on a member's statutory right to transfer. The regulations give administering authorities tools to act if they have suspicions about the circumstances that have led the member to request a transfer. The member will no longer be able to insist on a statutory transfer taking place in these circumstances.

These changes will affect the payment of cash equivalent transfers for:

- deferred members who request a statement of entitlement on or after 30 November 2021 (main scheme benefits only)
- AVC members who elect for payment of a transfer on or after 30 November 2021
- pension credit members who elect for payment of a transfer on or after 30 November 2021 (main scheme and / or AVCs).

These regulations do not apply to the payment of cash transfer sums ie deferred refunds, nor to pensions on divorce transfers.

There are two key new measures: decision making and disclosure.

Decision making

Transfers to UK public service schemes, master trusts and collective money purchase schemes can continue without further checks. Before transferring to any other type of scheme, the administering authority must decide if there are any red flags or amber flags present. See the [TPR guidance on dealing with transfer requests](#) for more information on red and amber flags.

If there are any red flags present, you must not pay the transfer.

If there are any amber flags present, you must pause the transfer until the member can provide evidence that they have received pension scams guidance from [MoneyHelper](#). Members will be able to book guidance sessions with MoneyHelper from 30 November 2021.

Disclosure

Disclosure 1: must take place within one month of:

- a deferred member requesting a statement of entitlement (main scheme benefits only)
- a pension credit member electing for payment of a cash equivalent
- an AVC member electing for payment of a cash equivalent.

The administering authority must notify the member that the transfer can only proceed if there are no red flags present or the transfer is to be paid to a public service scheme, master trust or a collective money purchase scheme. You do not have to disclose this information if the cash equivalent is paid within one month of the request or election listed above.

Disclosure 2: Once you have made a decision about whether a transfer can proceed, you must notify the member. You must do this:

- by no later than the date you send the member confirmation that the transfer has been made, or
- within seven working days of the decision.

Support from the LGA

The regulations are significantly different from the draft regulations originally published with the consultation. Once we have had time to digest the full impact of the regulations and guidance, we will update the Non-Club transfer guide and acknowledgement letter. In the longer term, we will provide a new suite of declaration forms and template letters.

Action for administering authorities

Review the TPR guidance and amend your procedures and communications accordingly. The [TPR guidance on dealing with transfer requests](#) includes a handy flowchart that sets out the transfer process.

Finance (No.2) Bill 2021/22

On 2 November 2021, HM Treasury (HMT) formally introduced the Finance (No.2) Bill 2021/22 to Parliament. The Bill includes a number of provisions that may affect the administration of the LGPS.

Clause 9: Changes to annual allowance scheme pays deadlines

This clause changes deadlines associated with mandatory scheme pays. The period within which some members must give notice of their election will be extended. The deadline for administrators to provide information about annual allowance tax charges will also change.

Clause 10: Increase in normal minimum pension age

This clause introduces an increase in the normal minimum pension age (NMPA) to age 57 from 6 April 2028. The clause includes significant changes from the proposed policy that was consulted on between February and April 2021.

- Members of uniformed services pension schemes will be exempt from the increase to the NMPA.
- Members of registered pension schemes who had a right to take their entitlement to a benefit under their scheme before age 57 before 4 November 2021 will have a protected pension age. A protected pension age will only affect the age at which an LGPS member can take their pension if the responsible authority makes changes to the scheme rules to implement the protected pension age. We do not yet know whether the responsible authorities plan to make such changes.
- Members will continue to benefit from a protected pension age after completing either an individual or block transfer. The Bill will introduce transitional measures for members who had already started the process to transfer to a scheme in which they would have a right to take their benefit before NMPA, providing the transfer process started before 4 November 2021.
- Members who join the LGPS from 4 November 2021 will not meet the entitlement condition.

It is important to note that this Bill is currently in draft form. However, administering authorities may wish to consider making changes to their processes now to reduce the likelihood that they will have to re-visit transfer cases in the future. Those changes include:

- Requesting additional information when a member who joined the LGPS on or after 4 November 2021 completes a transfer of pension rights from another scheme. Administering authorities should ask the transferring scheme whether the member met the entitlement condition in their scheme, specifically:

- did the member have an actual or prospective right under the pension scheme to any benefit from an age less than 57 immediately before 4 November 2021?
- did the rules of the pension scheme on 11 February 2021 include provisions conferring such a right on some or all members of the scheme? And
- did the member have such a right on 11 February 2021, or would they have had such a right if they had been a member on that date?

The effect of the answer to this question will depend on what changes are made to the LGPS regulations.

- When a member who joined the LGPS before 4 November 2021 transfers out, informing the receiving scheme that the member met the entitlement condition in the LGPS.
- When a member who joined the LGPS on or after 4 November 2021 transfers out, informing the receiving scheme that the member did not meet the entitlement condition in the LGPS. You may need to supply additional information if the member's LGPS benefits include a transfer in that has been 'ringfenced' – see below.
- 'Ringfencing' benefits that a member who met the entitlement condition in their previous scheme transfers into the LGPS, if the member first joined the LGPS on or after 4 November 2021. You may wish to engage with your software suppliers to discuss how this can be achieved.

Action for administering authorities

Consider the process changes above and contact your software supplier concerning the system changes that may be needed to accommodate them.

Clause 11: Tax impacts resulting from the McCloud remedy

The clause provides HMT with the power to make regulations to address tax impacts that arise as a result of implementing the McCloud remedy. Provisions made under this section may be retrospective and may be different for different member types. The changes will have effect from 6 April 2022 or later.

Further reading

Use the links below to find out more about the Finance (No.2) Bill 2021/22:

- [Bulletin 212](#) covers the changes in scheme pays deadlines
- you can find links to the NMPA consultation documents and the LGPC response on the [Non-Scheme consultations](#) page of www.lgpsregs.org
- the [Parliamentary briefing paper on the NMPA](#) provides background to this policy
- the [policy paper on Taxation of public service pension reform remedy](#) covers changes to the tax regime in response to the McCloud remedy
- you can follow the [progress of the Finance \(No.2\) Bill 2021/22](#) on the UK Parliament website.

Legal challenge: McCloud costs and cost control mechanism

Unions have launched a judicial review against the Treasury concerning including McCloud remedy costs in the cost control mechanism. The FBU, GMB and BMA argue that the cost of rectifying the discrimination should not be met by scheme members.

The provisional results of the 2016 cost control mechanism showed that all public service schemes were cheaper than expected. This would have led to a reduction in contributions or improvements in benefits from April 2019 had the cost control process not been paused.

Proposed amendments to the PSPJO Bill

Amendments to the Public Service Pensions and Judicial Offices Bill (PSPJO) have been proposed. You can read the proposed changes in the [Marshalled list of amendments to the PSPJO](#). You can find the proposed minor changes to Clause 73 that specifically relate to the LGPS on page 29. You can follow the [progress of the PSPJO Bill](#) on the UK Parliament website.

Pensions Dashboards Programme November newsletter

The Pensions Dashboards Programme (PDP) has published its [November Newsletter](#). The newsletter includes links to:

- the PDP director's blog reflecting on recent achievements and looking forward to activity in the next few months
- the October progress update report
- dashboard providers' update, and confirms that successful applicants to help test the pensions dashboards ecosystem will be announced in December

- the identity hub which provides information about the approach to procuring an identity service
 - the technical glossary which includes definitions of key terminology.
-

Training

Training focus group

We plan to set up a training focus group in the coming weeks. The group will assist us in putting together our training plan for practitioner training.

We would like one or two representatives from each regional Pensions Officer Group (POG) to join the group. This will be an ongoing commitment with virtual meetings twice a year. We will be contacting POG chairs directly to ask for volunteers to join the group.

LGPS Governance Conference 2022

Booking is open for the LGPS Governance Conference 2022. The title of the conference is 'Climate forecast for the LGPS; (Mc)Cloudy or bright?'. [See our flyer for more details.](#)

The conference is taking place on 20-21 January 2022 in Bournemouth. You can attend the conference in person or join us online.

The conference is aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trades union representatives, member and employer representatives, as well as a variety of officers who attend and support committees.

You can book and view the programme and current list of confirmed speakers using the links below:

- [book to attend in person](#)
 - [book to attend virtually.](#)
-

Wider landscape

TPS grant guidance updated

On 28 October 2021, the Government updated its [guidance on pension grants for schools, local authorities and music hubs](#). The guidance covers the grant for the financial year 2021 to 2022.

Updates from PASA

Recent updates from the Pensions Administration Standards Association (PASA):

- The PASA GMP working group published a [briefing note on GMP reconciliation data and transition to a new administration provider](#) on 9 November 2021. The briefing note addresses how data related to GMP reconciliation should be treated if you change administrators.
- PASA launched their new [Data Management Controls Guidance](#) on 11 November 2021. The guide aims to provide practical support for administrators in developing their own data management controls to ensure data remains in good shape.
- [PASA announced ITM as their new expert partner for pensions dashboards.](#) ITM will assist PASA in ensuring the administration industry's challenges and voices are heard as pensions dashboards are being developed.

Legislation

Statutory Instruments

[The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) [SI2021/1237]

Useful links

[LGA Pensions page](#)

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

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

[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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Further information

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