

LGPC Bulletin 223 – April 2022

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

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

- [Recruitment and retention survey](#) (not relevant for Scotland)
- [Managing pension schemes service newsletter April 2022](#)
- [Annual allowance changes](#)
- [Disclosure requirements for NMPA increase](#)
- [Error in GAD guidance](#)
- [Online pension surgery – transfers out](#)
- [Standard wording for transfers in](#)

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

Recruitment and retention survey

Lorraine Bennett emailed LGPS pension managers on 12 April 2022 inviting them to complete the recruitment and retention survey.

We understand that administering authorities are experiencing difficulties in recruiting and retaining staff. The aim of the survey is to understand the extent of the issue. This includes understanding how salary levels and homeworking contracts are contributing.

We hope that the information collected will give a national picture, helping administering authorities with workforce planning.

The email included a link to the survey. It also included guidance on who should complete the survey and what information is needed to do so.

The survey closes on 3 May 2022.

Action for administering authorities

Complete the survey by the end of 3 May 2022.

LGPS Scotland

SAB minutes published

The Scottish Scheme Advisory Board (SAB) has recently published the minutes of its meetings held on 24 November 2021, 23 February 2022 and 17 March 2022.

Topics discussed included:

- structure review project
- climate risk reporting
- responsible investment
- cost control
- cost transparency.

You can access the minutes on [the minutes page of the Board's website](#).

HMRC

Managing pension schemes service newsletter April 2022

HMRC has published [Managing pension schemes service newsletter April 2022](#).

The newsletter sets out that a new feature has been added to the Managing pension schemes service. The new feature allows administrators to migrate their schemes from the Pension schemes online service. The newsletter gives information on how to do this as well as links to guidance.

The newsletter also includes information on:

- recreating existing relationships on the Managing pension schemes service
- adding new scheme administrators
- authorising new practitioners
- submitting Accounting for Tax (AFT) returns, pension scheme returns, and event reports on the Pension schemes online service
- making payments for charges using the pension scheme tax reference number
- updating information
- future features that are expected shortly, such as bulk AFT reporting and updated financial information.

Action for administering authorities

Review the newsletter and take any appropriate actions.

TPO

Early Resolution Service factsheet updated

On 30 March 2022, The Pensions Ombudsman (TPO) published an updated version of its [factsheet on the Early Resolution Service](#).

The factsheet provides guidance to members on the Early Resolution Service. This includes explaining what it is, how it operates and what options parties to a complaint have.

TPO News: March 2022

On 31 March 2022, [the Pensions Ombudsman \(TPO\) published its March news](#).

The news includes articles on:

- webinars taking place in May and June
 - the recently updated factsheet on the Early Resolution Service
 - new legal determinations.
-

TPR

Pension scams webinar

TPR recently hosted a webinar on pension scams.

The webinar gives:

- details of the evolving pension scams landscape
- information to support new duties to look for red and amber flags
- details about the pledge to combat pension scams
- updates from the Pension Scams Industry Group.

TPR has published [a recording of the webinar](#) on their website.

Other news and updates

Annual allowance changes

The Government has changed the annual allowance rules. This has been done by section 9 of the [Finance Act 2022](#) and the [Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#).

The changes apply in certain situations where annual allowance calculations for previous years are retrospectively amended.

The following is our interpretation of the changes. Jayne Wiberg emailed administering authorities with this information on 1 April 2022.

Step 1: An employer becomes aware that information previously given was insufficient

The new regulations require employers to provide further information to administering authorities. This will apply where an employer becomes aware that information they provided previously, for a Pension Input Period (PIP) falling within the 'relevant time', was insufficient to enable the authority to correctly calculate the annual allowance.

The 'relevant time' begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year'

means the tax year in which the employer became so aware. So, if this happens in tax year 2022/23, the following PIPs will fall within the relevant time:

- 6 April 2022 to 5 April 2023
- 6 April 2021 to 5 April 2022
- 6 April 2020 to 5 April 2021
- 6 April 2019 to 5 April 2020
- 6 April 2018 to 5 April 2019
- 6 April 2017 to 5 April 2018
- 6 April 2016 to 5 April 2017

The employer must provide the further information within three months of becoming aware the information was insufficient or, if later, on or before 6 July following the end of the relevant PIP. The further information must enable the administering authority to correctly recalculate the annual allowance.

Note: Employers must continue to provide administering authorities with details of any other changes that arise either outside of the relevant time or that do not affect the calculation of the annual allowance.

Step 2: The administering authority must recalculate the annual allowance for the relevant PIP

If the administering authority receives the further information from the employer for a PIP falling within the 'relevant time', it must recalculate the annual allowance. The 'relevant time' for this begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' for this purpose means the tax year in which the authority received the further information.

Administering authorities must also recalculate annual allowance amounts where there has been a change to the scheme rules. This will apply if the change results in a change to an annual allowance calculation for a PIP falling within the 'relevant time'. The 'relevant time' begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' for this purpose means the tax year in which the rule change is made.

After recalculating the annual allowance, if the member:

- exceeds the annual allowance for the relevant tax year - the administering authority must send a pension savings statement to the member. It must send this within three months of receiving the further information/the rule change being made or, if later, by the 6 October following the end of the

relevant tax year. They must also send an event report telling HMRC within three months of the date they sent the statement to the member, or if later, by 31 January following the tax year to which the report relates. It is not relevant whether the administering authority had previously sent a pension savings statement for this period.

- does not exceed the annual allowance for the relevant tax year and the administering authority has previously sent a pension savings statement for that period, it must send an updated statement. It must send this within three months of receiving the further information/the rule change being made, or, if later, by the 6 October following the end of the relevant tax year.

Deadlines to make or amend mandatory scheme pays elections extended

Members must give mandatory scheme pays elections by no later than 31 July in the year following that in which the 'relevant tax year' ends. 'Relevant tax year' means the tax year the member exceeded the annual allowance.

However, for members who received a pension savings statement as a result of a recalculation under step 2, this deadline will likely have expired. For these cases, section 9 of the Finance Act 2022 extends the deadline if:

- the administering authority gave the statement within the 'relevant time', and
- as a result of that statement, the member qualifies to elect for mandatory scheme pays.

'Relevant time' means a time falling:

- on or after 2 May in the year following the end of the relevant tax year, and
- before the end of the six-year period beginning with the end of the relevant tax year.

Where this applies, the member must instead give their election for mandatory scheme pays before:

- the end of the three-month period beginning with the day on which the administering authority gave the pension savings statement, or if earlier
- the end of the six-year period beginning with the end of the relevant tax year.

Though the 31 July deadline is extended in these cases, members remain unable to give a mandatory scheme pays election once they are entitled to payment of all their benefits under the scheme or, if earlier, once they have reached age 75.

The mandatory scheme pays deadline is not extended for members who previously qualified to elect for mandatory scheme pays in respect of the relevant tax year but

chose not to. If the member did elect for mandatory scheme pays, the member will need to amend their initial election based on the recalculated amounts.

The new regulations have also changed the time limit for amending mandatory scheme pays elections. The time limit is set out in Regulation 4 of the Registered Pension Schemes (Notice of Joint Liability for the Annual Allowance Charge) Regulations 2011. Before, members had until the 31 July following the end of the four-year period beginning with the last day of the relevant tax year to amend an election. With effect from 6 April 2022, this has been extended by two years. So, if a member exceeded the annual allowance in tax year 2019/20, the new deadline for giving the amended notice is 31 July 2026. The deadline was previously 31 July 2024.

Deadline for administering authority to pay annual allowance charge to HMRC extended

Administering authorities must report and pay annual allowance charges to HMRC using Accounting for Tax (AFT) returns. Authorities must use the return for October to December in the year following that in which the tax year ends. Though, it can choose to use a return for an earlier period.

However, where the member makes a mandatory scheme pays election by the extended deadline, the deadline will likely have expired.

For these cases, section 9 of the Finance Act 2022 extends the deadline. Where members elect for mandatory scheme pays after 30 September in the year following that in which the relevant tax year ends, the administering authority must report and pay the tax using the AFT return for the three-month period following the three-month period in which it receives the mandatory scheme pays election. Though it can choose to use the return for the period in which it received the election.

Action for administering authorities

Update your processes and communications accordingly.

Dashboard updates

Blog from PDP published

Richard James recently published [a blog 'Twelve months at the Pensions Dashboards Programme'](#) (PDP). Richard looks back over his first 12 months in the role as Programme Director and looks ahead to the next 12 months.

April 2022 progress update report published

On 27 April 2022, the Pensions Dashboards Programme (PDP) published the [April 2022 progress update report](#).

The report outlines the programme's activity over the last six months. It also outlines the plans for the next six months.

Disclosure requirements for NMPA increase

We have received several questions about whether an administering authority must tell its members about the normal minimum pension age (NMPA) increase. In particular whether regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 is triggered.

Section 10 of the Finance Act 2022 increases the NMPA from 55 to 57 from 6 April 2028. Some members are protected against the increase. We covered this in [Bulletin 216](#) and [Bulletin 220](#).

Regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 requires schemes to tell members about material alterations to basic scheme information. For example, this would apply where a change in relation to the scheme results in a material alteration to the rules on when benefits are payable.

In our view, the change to the NMPA has not triggered regulation 8. This is because the change has not changed the LGPS rules on when benefits are payable. The LGPS rules on when benefits become payable are not automatically linked to the NMPA. The relevant government department will need to change the LGPS rules to align with the NMPA at some point on or before 6 April 2028. It will also need to consider whether members who qualify for protection will be allowed to receive payment before 57. When the LGPS rules change, regulation 8 will then be triggered.

Though regulation 8 is not yet triggered, it may still be helpful to start pre-warning members now. The member website for England and Wales already includes this. We will shortly be updating the brief member guides.

Action for administering authorities

Consider whether and how to pre-warn your members about the impending changes on when benefits become payable. For example, you may choose to cover this in a newsletter article.

Also, as the Finance Act 2022 is now law, if you have not already done so, consider implementing the recommended transfer process changes we set out in the article on the NMPA increase in [Bulletin 216](#). This will reduce the likelihood of revisiting transfer cases in the future.

Error in GAD guidance

The Government Actuary's Department (GAD) has confirmed that there is an error in the following guidance:

- Pension Sharing Following Divorce (England and Wales) dated 11 June 2020
- Pension Sharing Following Divorce (Scotland) dated 6 March 2020.

The error affects divorce calculations for active or deferred members who could have voluntarily retired and received immediate, unreduced payment of their benefits at the calculation date. The guidance says that administering authorities must calculate the value as if the member was a pensioner member. However, the guidance is silent on including the retirement grant. The previous version of the guidance said that it is included using a factor of 1.

GAD has confirmed that the correct approach administering authorities should adopt is:

“Where an active or deferred member is entitled to immediate payment of benefits at the date of calculation, the divorce CETV should be calculated based on the formula for a pensioner cash equivalent in line with paragraph 4.5 (assuming no commutation of pension for additional lump sum) and any accrued retirement grant is then added on to the calculation using a factor of 1”.

The error also affects transfer and interfund adjustment calculations where the member was treated as if they were a pensioner member for the calculation.

GAD will correct the guidance in due course.

We have updated the GAD query log. You can access this on the actuarial guidance pages of www.lgpsregs.org and www.scotlgpsregs.org.

Action for administering authorities

Check whether your system correctly includes the retirement grant in the relevant calculations. If not, you will need to revisit cases.

LGPC minutes

On 1 April 2022, we published the draft minutes of the Local Government Pensions Committee (LGPC) meeting held on 7 March 2022. You can find these on the LGPC minutes pages of www.lgpsregs.org and www.scotlgpsregs.org. Topics discussed included:

- stronger nudge to Pension Wise guidance
- dashboard consultation
- McCloud
- Sharia law
- Ukraine
- updates from SAB England and Wales, LGPS Scotland, LGPS Northern Ireland and National LGPS Technical Group.

The minutes will be agreed at the next meeting on 6 June 2022.

National LGPS Technical Group quarterly surveys

The National LGPS Technical Group secretariat will be sending two surveys quarterly to administering authorities. Each survey should take no longer than two minutes to complete.

The surveys will gather information about each authority's preparations for the McCloud remedy and pensions dashboards. The surveys replace the current method of using excel spreadsheets.

The secretariat will send the first surveys in May 2022.

New version of non-club transfer guide published

On 31 March 2022, Jayne Wiberg emailed administering authorities letting them know that we have published version 2.1 of the non-club transfers out technical guide.

The new version clarifies the following:

- Where a member has multiple deferred benefits, you use the earliest normal pension age when deciding whether the member has made the election at least one year before normal pension age.
- Where a pension credit member has multiple credits, you use the earliest normal benefit age when deciding whether the member has made the election at least one year before normal benefit age.
- Members with frozen refunds who left before 1 April 1998 may be entitled to non-statutory transfers based on the cash equivalent transfer value calculation.

You can access the guide, including a tracked changes version, on the administrator guides and documents page of www.lgpsregs.org or www.scotlgpsregs.org.

Online pension surgery – transfers out

We emailed administering authorities on 20 April 2022, inviting them to attend an online pension surgery on transfers out. Instructions on how to register were included in the email.

The surgery will be held on 12 May 2022 at 10.00am and will last for up to two hours. The surgery will be a question and answer session. It will offer practitioners an opportunity to ask us any questions about our non-club transfers out guide. For clarity, the surgery will not include any presentations.

You can access the current version of the guide on:

- [Administrator guides and documents](#) page of www.lgpsregs.org
- [Administrator guides and documents](#) page of www.scotlgpsregs.org.

Action for administering authorities

If you wish to attend, register your interest by no later than 6 May 2022.

New version of QROPS addendum published

On 1 April 2022, Jayne Wiberg emailed administering authorities letting them know that we have published version 1.1 of the addendum for transfers to qualifying recognised overseas pension schemes (QROPS).

We have updated the addendum to reflect the Pensions Regulator's responses to our queries. The addendum confirms:

- for transfers to occupational QROPS, the member needs to demonstrate either the residency or employment link. The member does not have to demonstrate both
- the date on which administering authorities should assess the residency link.

You can access the addendum, including a tracked changes version, on the administrator guides and documents page of www.lgpsregs.org or www.scotlgpsregs.org.

PASA publishes fraud guidance on pre-employment vetting

The Pensions Administration Standards Association (PASA) published on 19 April 2022 [fraud guidance on vetting new employees](#).

PASA has been made aware of cases of fraud undertaken or assisted by pension administration employees. In some cases, individuals deliberately gained

employment with the intention of committing fraud. The guidance aims to counter this risk.

Revised GAD query logs published

We have recently published the following versions of the GAD query logs:

- version 6 (England and Wales)
- version 1 (Scotland).

The logs show the unresolved queries we have raised about GAD guidance.

We ask administering authorities to review these before raising a query with us, as it may relate to a known issue.

You can access the logs on the actuarial guidance pages of www.lgpsregs.org and www.scotlgpsregs.org.

Standard wording for transfers in

We have been asked to provide standard wording for transfer in request letters.

The wording will tell the sending scheme that transfers to the LGPS satisfy the first condition for the purposes of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

The Local Government Pension Scheme (LGPS) is an occupational pension scheme. The scheme was established by legislation with all particulars of the scheme set out in legislation. As such, the LGPS meets the definition of a public service pension scheme as set out in section 1(1) of the Pension Schemes Act 1993.

Therefore, the transfer will satisfy the first condition.

Action for administering authorities

Decide whether to use the standard wording in your relevant transfer in documents.

Technical Group recommendations on frozen refunds and interfunds

We have been asked to remind all administering authorities about two recommendations from the National Technical Group.

The first recommendation the Group made at its meeting on 18 March 2016. The recommendation deals with how to treat a frozen refund where a benefit is in payment with a different administering authority. The Group recommended that “an interfund should be paid across to the new fund and benefits recalculated.”

The second recommendation the Group made at its meeting on 8 June 2018. The recommendation deals with the issue of some administering authorities refusing to pay interfund adjustments where the member's date of birth has not been verified. The Group recommended that an interfund adjustment should still be paid if both authorities hold the same date of birth.

You can see the minutes of the Group's previous meetings and a spreadsheet setting out recommendations the Group has made since June 2014 on the:

- [Technical group](#) page of www.lgpsregs.org
- [Technical group](#) page of www.scotlgpsregs.org.

Work starts on new Legal Services Framework

On 13 April 2022, Lorraine Bennett forwarded an email from the National LGPS Frameworks to administering authorities.

The email lets authorities know that work has begun on a new Legal Services Framework. The framework will replace the current one when it expires in January 2023. The email also invited authorities to volunteer to help set up the new framework.

Training

Update on training courses

There are still places available on the following courses. Click on the link for each course for more details.

If you are not able to book a particular course, please contact us.

Employer role training (England and Wales)

- [7 June 2022 - Manchester](#)
- [23 June 2022 – Online](#)
- [28 June 2022 - Online](#)
- [5 July 2022 - Cardiff](#)
- [19 July 2022 - Online](#)
- [18 August 2022 - Online](#)
- [6 September 2022 - London](#)
- [13 September 2022 - Leeds](#)
- [15 September 2022 - Birmingham](#)
- [20 September 2022 - Bristol](#)

Aggregation training (Scotland)

- [5 May 2022 - Online](#)
- [26 May 2022 - Edinburgh](#)

Transfer training (England and Wales)

- [14 June 2022 - London](#)
- [21 June 2022 - Cardiff](#)
- [23 June 2022 - London](#)
- [28 June 2022 - Manchester](#)

Transfer training (Scotland)

- [31 May 2022 - Edinburgh](#)

Insight residential course (England and Wales)

- [4 to 8 July 2022 - Online](#)
- [26 to 29 September 2022 - Eastbourne](#)

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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