

Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 178 – November 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.

Contents

LGPS England & Wales

[MHCLG consultation on technical amendments to benefits - update](#)
[Pension fund annual report 2018](#)
[Pension saving statements \(PSS\) – request for information](#)
[Planned changes to actuarial factor table formats and formulas](#)
[SCAPE discount rate – impact on actuarial guidance - update](#)

LGPS Scotland

[SCAPE discount rate – impact on actuarial guidance - update](#)

HMRC

[Countdown bulletin 39](#)
[Pension Schemes Newsletter 105](#)

TPR

[2018 governance and administration survey](#)
[New TPR website](#)
[Updated guidance on Annual Benefit Statements \(ABS\)](#)

Other News and Updates

[Launch of the cost transparency initiative \(CTI\)](#)
[New Secretary of State for Work and Pensions](#)
[Public Service Pensions \(Valuations and Employer Cost Cap\) \(Amendment\) Directions 2018](#)

Training

[Governance Conference 17/18 January 2019](#)

Wider Landscape

Legislation

Useful Links

LGPS England & Wales

MHCLG consultation on technical amendments to benefits - update

In [bulletin 177](#), we informed that MHCLG had commenced a policy consultation called 'LGPS: technical amendments to benefits' closing on 29 November 2018.

MHCLG also undertook a separate technical consultation on draft amendment regulations to the technical amendments. The technical consultation was not a public consultation meaning that only interested parties, including the LGA, were invited to respond.

The LGA has responded to both the policy and technical consultations, and has published its responses on the [consultations page](#) of www.lgpsregs.org

Pension fund annual report 2018

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.

On 23 November, Liam Robson emailed all administering authorities requesting that they [email](#) him their annual report (or hyperlink) by Friday 30 November at the latest, for publication on the Scheme Advisory Board's [website](#). For those administering authorities who have not already done so, please can you ensure that you meet these deadlines.

Pension saving statements (PSS) – request for information

At the pension manager's conference in Torquay (20/21 November) Jeff Houston (Head of Pensions at the LGA) asked that funds inform the LGA how many PSS they have issued this year. This information is requested as part of the work being undertaken with the other public service pension schemes to assess the impact of pensions tax on workforce behaviours.

Jeff's request was followed by an email from Lorraine Bennett on 26 November; the email asked for administering authorities to provide the information below:

- how many pension savings statements did you issue this year?
- how did this compare to last year?
- how much did you pay over to HMRC in respect of scheme pays (annual allowance and lifetime allowance) last year?

Thank you to the administering authorities that have already responded. If your administering authority has yet to respond, we would be grateful if you could do so as soon as possible.

Planned changes to actuarial factor table formats and formulas

On 27 September, the LGA met with MHCLG, GAD and software suppliers to discuss the implementation of the:

- revised factors following the review of the current actuarial guidance.

- change to the format of tables and calculation formula of some of the factors (as opposed to simply a change of values in the factor table currently in force).

GAD has prepared [a document](#) to enable MHCLG to provide LGPS software suppliers and administrators with advance information on the format and formula changes. The document outlines the layout of affected factors tables and formulas in force immediately prior to the current review and the new layouts that will apply following the review. It does not include any current or revised factor values. Most importantly, none of the changes outlined in the document take effect until they are superseded by the issue of updated factor tables and guidance by the Secretary of State for the Ministry of Housing, Communities and Local Government.

It is intended that all of the Scheme’s actuarial factors (excluding additional pension) will move to unisex factors, thereafter, the document explains that GAD are proposing table format and/or formula changes to:

Guidance	Proposed change
Annual Allowance Charges: Calculation of Scheme Pays Offset [elections made from 1 April 2014] - dated 12 April 2016	Offset factors to NPA for active members below NPA (as opposed to factors to age 65 with a relevant conversion).
Application of a Pension Credit to the Former Spouse or Civil Partner of the Member [Transfer day on or after 1 April 2014 and member had been a member of the 2014 scheme] - dated 12 April 2016	Pension credit factors to NPA (as opposed to factors below and above NPA with a relevant adjustment where appropriate).
Purchase of additional pension – elections on or after 1 April 2014 - dated 18 April 2016	Factors to NPA (as opposed to applying an adjustment where member’s NPA is over 65, though member is below NPA at the point of election).
Actuarial factors for Individual Cash Equivalent and Club transfers from 1 March 2017 - dated 9 March 2017	Introduction of factors and formula to calculate non-club final salary transfers in respect of those members who meet the conditions in Schedule 7 of the Public Service Pensions Act 2013 (as opposed to sending such cases to MHCLG for onward transmission to GAD as per paragraph 7.5 of the current guidance dated 8 April 2016).
NPAs not an exact age	Within the guidance in this table, some members will have an NPA that is not an exact age. The factors are interpolated where this is the case. The document sets out the interpolation calculations.

SCAPE discount rate – impact on actuarial guidance - update

Further to the article in [bulletin 177](#) setting out the impact of the reduction to the SCAPE discount rate, Lorraine Bennett emailed administering authorities in November with updated factors covering non-club transfers and pensioner CETVs on divorce.

The factor spreadsheet and covering letter are available on the [actuarial guidance](#) page of www.lgpsregs.org. The [transitional guidance document](#) (which sets out the recommended process for administering authorities during the transition to the new factors) has also been updated.

We plan to reformat the [actuarial guidance](#) page of www.lgpsregs.org when all the revised factors are received; however, in the meantime both the factor spreadsheet and the transitional guidance document can be found under each corresponding guidance subject. Currently these are available under:

- Transfers – individual incoming and outgoing (factor spreadsheet and transitional guidance)
- Pensioner – CETVs on divorce (factor spreadsheet only)
- Interfund transfers (transitional guidance only)

In addition, please note:

- the dates on the factor list tab in relation to the ‘related factor guidance’ column have been corrected (this was a copy down error within the original spreadsheet).
- CRA adjustment factors are still sex specific (and unchanged). GAD have proposed an update of the CRA factors at the same time Cabinet Office update the club memorandum; they also expect these to switch to unisex.

LGPS Scotland

SCAPE discount rate – impact on actuarial guidance - update

Further to the article in [bulletin 176](#) titled “Draft Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions 2018” setting out the impact of the reduction to the SCAPE discount rate, Roddy MacLeod (SPPA) emailed administering authorities on 14 November with updated factors covering non-club transfers and pensioner CETVs on divorce.

The factor spreadsheet is available on the [actuarial guidance](#) page of www.scotlgpsregs.org.

We plan to reformat the [actuarial guidance](#) page of www.scotlgpsregs.org when all the revised factors are received; however, in the meantime the factor spreadsheet can be found under each corresponding guidance subject. Currently these are available under:

- Transfers – individual incoming and outgoing
- Pensioner – CETVs on divorce

HMRC

Countdown bulletin 39

On 26 November, HMRC published [countdown bulletin 39](#) that includes articles on:

- scheme financial reconciliation
- scheme cessation
- scheme reconciliation service

- CEPs notified by automated responses

Of particular interest is the articles on:

- scheme financial reconciliation. HMRC are now offering administering authorities the opportunity to request their financial position as at 7 October 2018. This will give an indication as to whether the administering authority will be in surplus or deficit when bills or refunds are issued in April 2019.
- scheme reconciliation service (SRS). HMRC have confirmed that due to the higher than forecast increase in SRS queries leading up to 31 October 2018, they will be unable to sustain their 3-month turnaround time to respond. However, they remain committed to respond to all queries by 31 March 2019.

Pension Schemes Newsletter 105

On 23 November, HMRC published [pension scheme newsletter 105](#) that includes a joint article from HMRC and The Pensions Regulator (TPR) and articles on:

- double taxation – bulk requests for certificates of residence
- overseas transfer charge - draft regulations
- Manage and Register Pension Schemes service newsletter
- reporting overseas transfers
- operating PAYE on pension payments.

The joint article from HMRC and TPR relates to pensions tax relief. It appears that there are issues with giving tax relief to scheme members on their pension contributions. As a result, some scheme members are receiving tax relief twice and others are not getting the tax relief they are due. The article explains a number of instances where errors can be made, where employers can find guidance in this area and the fact that employers should already have safeguards in place to prevent such errors occurring in line with TPR [Codes of Practice 5 and 6](#).

TPR

2018 governance and administration survey

Further to the article in [bulletin 177](#), TPR issued the survey link to scheme managers and scheme contacts on 5 November. We encourage all administering authorities to complete the survey by the closing date of 30 November. Should you encounter any questions or problems in completing the survey please contact [Nick Gannon](#) (TPR Policy Lead) who is happy to act as a post box for the research agency.

New TPR website

On 12 November, TPR launched a [new website](#) to give more than three million yearly visitors a clearer and simpler experience. The new site is a key part of TPR's redesigned branding which highlights how the organisation is changing its approach to become clearer, quicker and tougher.

Administering authorities may wish to check their communications to make sure that any links to the old TPR website still work, or update where necessary.

Updated guidance on Annual Benefit Statements (ABS)

In November, TPR published [updated guidance](#) for scheme managers, and others involved in administering public sector pension schemes, issuing ABS in the public sector. Updates include a number of case studies and the outcomes of TPR engagement during the 2017 ABS Project.

Other News and Updates

Launch of the cost transparency initiative (CTI)

The [Cost Transparency Initiative](#) (CTI) was launched on 7 November. The CTI is a new independent group (operating with the FCA operating as an observer) working to improve cost transparency for institutional investors with the responsibility for progressing the work already undertaken by the Institutional Disclosure Working Group (IDWG).

The CTI is supported by the Pensions and Lifetime Savings Association (PLSA), the Investment Association (IA) and the Local Government Pension Scheme Advisory Board England & Wales (LGPS SAB).

Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions 2018

Further to the article in [bulletin 176](#), on 23 November, HMT have now [published](#) amending Directions to ensure that the 2016 valuations of the public service pension schemes can be completed using the latest assumptions. The Treasury has a statutory duty to consult the Government Actuary before making the Directions. The Treasury completed this statutory consultation during November.

Training

Governance Conference 17/18 January 2019

[Circular 311](#) advertises our forthcoming [Governance Conference](#), which is taking place on 17/18 January 2019 in Bristol. Bookings are filling up fast, so if pension committee/local pension board members would like to attend, please book your places as soon as possible to avoid disappointment. The [programme](#) and speakers are now confirmed.

Wider Landscape

New Secretary of State for Work and Pensions

Amber Rudd became Work and Pensions Secretary on 16 November, replacing Esther McVey who resigned earlier this month.

Legislation

United Kingdom

SI	Reference Title
2018/1219	The State Pension Debits and Credits (Revaluation) Order 2018
2018/1218	The Occupational Pensions (Revaluation) Order 2018
2018/1217	The State Pension Revaluation for Transitional Pensions Order 2018

[2018/1111](#)

The Armed Forces Pension Schemes and Early Departure Payments Schemes (Amendments Relating to Flexible Working and Miscellaneous Amendments) 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 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](#) 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 and one of the team's LGPS pension advisers will get back to you.

Jeff Houston (Head of Pensions)

Telephone: 0207 187 7346

Email: jeff.houston@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 0207 187 7374

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

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

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Bob Holloway (Pensions Secretary – LGPS Scheme Advisory Board (E&W))

Telephone: 07919 562847

Email: robert.holloway@local.gov.uk

Liam Robson (Pensions Analyst – LGPS Scheme Advisory Board (E&W))

Telephone: 0207 664 3328

Email: liam.robson@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 0207 187 7344

Email: elaine.english@local.gov.uk

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

Copyright

Copyright remains with Local Government Association (LGA). This Bulletin may be reproduced without the prior permission of LGA provided it is not used for commercial gain, the source is acknowledged and, if regulations are reproduced, the Crown Copyright Policy Guidance issued by HMSO is adhered to.

Disclaimer

The information contained in this Bulletin has been prepared by the LGPC Secretariat, a part of the Local Government Association (LGA). It represents the views of the Secretariat and should not be treated as a complete and authoritative statement of the law. Readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation. No responsibility whatsoever will be assumed by the LGA for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in this Bulletin. Whilst every attempt is made to ensure the accuracy of the Bulletin, it would be helpful if readers could bring to the attention of the Secretariat any perceived errors or omissions by emailing [Jayne Wiberg](mailto:Jayne.Wiberg).