

Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 193 – January 2020

Foreword

This bulletin contains important updates for LGPS administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

Of particular importance are the articles on:

- the deadline for completing the [National LGPS frameworks survey](#) on pension administration is 3 February 2020
- The [NHS Pensions tax solution for clinicians](#), which may apply to NHS scheme members employed by local authorities.

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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LGPS England & Wales

Retirement planning guide published

On 28 January 2020, we published a new guide for members planning their retirement. You can find this employee guide on the [guides and sample documents](#) page of www.lgpsregs.org. We produced the guide jointly with the Communications Working Group (CWG) and we would like to extend our thanks to the subgroup for their work on this project.

The purpose of the guide is to help members approaching retirement understand their options, the process and the timescales involved. We anticipate that administering authorities will want to include information specific to their processes. We have included red text in the template where administering authorities may want to include fund-specific information. We understand that administering authorities intend to use the guide for different audiences and will choose to publish those sections that are relevant to their audience.

We have written the guide to be made available in electronic form. If you produce a printed version, you will need to replace the links with full web addresses.

Annual benefit statement technical guide updated

On 28 January 2020, we published version 2.0 of the Annual benefit statement technical guide. The guide has been completely re-written, and therefore we have not made a tracked changes version available. You can find a clean version on the [guides and sample documents](#) page of www.lgpsregs.org.

We recommend that any reduction due to a pension sharing order or scheme pays debit should be reflected in the figures in statements from 2020 onwards.

The guide also includes the recommendation to include the actuarially reduced benefits that would be payable to active members who were over age 55 on 31 March. Please note that these should be provided as well as the figures at 31 March before actuarial adjustment, not instead of them. We would like to thank members of the CWG for the customer surveys and research they undertook which formed the basis of this recommendation.

We do not expect this change to be in place for 2020 annual benefit statements. Any funds that want to adopt this change in their 2021 statements should raise this with their pension administration software supplier.

LGPS Scotland

Consultation on changes to the local fund valuation cycle and exit payments

On 21 January 2020, Roddy MacLeod (SPPA) contacted Scottish administering authorities to let them know about the launch of this consultation.

The consultation seeks the views of stakeholders about possible changes to the local fund valuation cycle. SPPA is also seeking views on the changes introduced in 2018 to Regulation 61. The changes provide administering authorities with the

option of suspending an employer's liability to pay an exit payment when managing the process of an employer exiting the scheme.

The consultation is available to view on the [SPPA website](#) and on the [Scheme consultations](#) page of www.scotlgpsregs.org, and closes on 9 March 2020.

DWP

DWP updates guidance on pensions after Brexit

The DWP has updated the [guidance explaining the rights of UK nationals in the European Economic Area \(EEA\) or Switzerland](#) to benefits and pensions after the UK has left the EU.

HMRC

Countdown bulletins 50 and 51 published

HMRC published [Countdown bulletin 50](#) and [Countdown bulletin 51](#) on 9 January and 16 January 2020 respectively. If a scheme has made a part payment, HMRC cannot currently identify which members that payment was made for. These bulletins introduce a process that will allow schemes to tell HMRC which members any part payment has been made in respect of. HMRC have provided a spreadsheet for schemes to use to give them this information with Countdown bulletin 51.

Any administering authorities that have made a part payment, make a part payment in the future, or change a full payment into a part payment must complete the spreadsheet to tell HMRC the individual members that the payment is being made for.

If you have fully paid, and do not intend to change this to a partial payment, then you should still contact HMRC to confirm this position. An early response will enable HMRC to move on to the next stage of allocating the payment you have made to individual members.

The deadline for responses is **13 March 2020**.

Manage Pension Schemes service newsletter

HMRC published a [Managing Pension Schemes newsletter](#) on 14 January 2020. The newsletter confirms that HMRC has started Phase 2 of the process to develop the Managing Pension Schemes service. The newsletter includes an outline of the development plan. Schemes using the service will be able to submit Accounting for Tax returns on the Managing Pension Schemes service from the quarter beginning 1 April 2020. Future developments relevant to the LGPS include:

- changes to practitioner registration
- introducing the Pension Schemes Return on the Managing Pension Schemes service
- Event reporting on the Managing Pension Schemes service.

You can find out about registering for the Managing Pension Schemes service in the newsletter, and how you can submit feedback to HMRC about the system.

The Pension Schemes Online service will be decommissioned once Phase 2 is complete. All schemes must register for the Managing Pension Schemes service before this, but the deadline date has not yet been confirmed.

Pension Schemes Newsletter 116

On 28 January 2020, HMRC published [Pension Schemes Newsletter 116](#). The newsletter provides information about what to do if you have received error messages when using the Pension Schemes Online service. HMRC are still looking for administrators to take part in research and to provide feedback on the Managing Pension Schemes service development. The updated ROPS notifications list will be published later than usual, on 5 February.

Managing Pension Schemes workshops

Lorraine Bennett contacted all funds on 30 January 2020 with an update on the Managing Pension Schemes service from David Roper, Pensions Compliance Manager at HMRC.

HMRC will be holding workshops on Phase 2 of the Managing Pension Schemes Service. The workshops will be held on 16 and 17 March 2020 at the offices of the Association of British Insurers in London.

If you are interested in attending, please contact sarah.l.mee@hmrc.gov.uk and georgia.oreilly@hmrc.gov.uk **by 7 February 2020**. Let them know your preferred date and the number of spaces you would like. Attendance is limited to three per organisation.

Event report and voluntary scheme pays deadline

The deadline for submitting an Event report for reportable events in that occurred in the year ending 5 April 2019 is 31 January 2020. Events that you will commonly need to report are:

- You have made an unauthorised payment
- A member's benefits were tested against the lifetime allowance, their benefits were more than the lifetime allowance and they relied on protection to reduce or eliminate the tax charge. The Event report has not been updated to include Fixed Protection 2016, Individual Protection 2016 or Individual Protection 2014 (if applied for online). You will need to report any cases involving these types of protection by secure email
- You have automatically issued a 'standard' pension savings statement. Note that you may choose to submit this information using a secure email, rather than using the online service.

There are 23 reportable events. [HMRC guidance on sending pension scheme reports](#) provides more information on all events that you must report.

An administering authority may have decided to pay a member's annual allowance tax charge on a voluntary basis (voluntary scheme pays) if the conditions for

mandatory scheme pays were not met. If you have done so, the deadline for paying that tax for a charge that arose in the year ending 5 April 2019 is 31 January 2020. The member may have to pay interest and late payment charges if this deadline is missed. You can read more about the annual allowance, tax charges and event reporting in [Bulletin 181](#).

Other news and updates

Update from the Annual Governance Conference

Our Annual Governance Conference took place in York on 23 and 24 January 2020. The event was sold out and feedback was very positive.

Highlights included Antony Arter, the Pensions Ombudsman (TPO), who explained the role of TPO. He praised the LGPS for the low number of complaints relative to the size of the scheme but noted that the proportion of complaints related to ill health was significantly higher than the national average. He explained the early resolution process and its success in resolving 90% of cases informally.

Councillor Roger Phillips, Chair of the LGPS England and Wales Scheme Advisory Board (SAB), summarised the SAB's achievements and emphasised the importance of the LGPS for low paid workers providing vital public services.

Gerard Moore, Local Pension Board Chair – Northumberland, Powys and Bedfordshire, examined the role of local pension boards. He set out what should be on the agenda of board meetings and highlighted the importance of strong relationships between the board, the Pension Committee and the pension administration manager. He suggested that honoraria could be used to get better outcomes by helping to recruit experienced and well-educated people to serve on boards.

Jon Richards from Unison delivered a review of the Hutton reforms from the perspective of members. He noted the importance of member representation on local pension boards, and the need to get member representation on pools. He welcomed the Fair Deal proposals that would allow members whose jobs are outsourced to remain in the Scheme but noted that employees at HE and FE establishments could lose access to the LGPS in the future.

Jeff Houston, Head of Pensions at the LGA and representatives from actuarial firms discussed McCloud and the cost cap mechanism. The panel recognised the huge burden that the McCloud remedy will cause for LGPS administration teams. The cost of paying increased member benefits as a result of the McCloud remedy was much harder to estimate. More information about the scope and form of the remedy is required.

Lord Hutton of Furness looked back over the period since his report was published, and considered what changes are on the horizon. He reminded delegates that in the [Independent Public Service Pensions Commission: final report](#), he concluded that:

“special protections for members over a certain age should not be necessary. Age discrimination legislation also means that it is not possible in practice to provide protection from change for members who are already above a certain age.”

Lord Hutton also acknowledged the pace of change would not reduce, and that climate change will have a significant impact.

Nick Gannon, Policy Lead from the Pensions Regulator (TPR), introduced the role and powers of TPR and gave an update on the revised, single code of practice. The annual survey results for 2018 show that the LGPS is well run but there are areas for improvement. Some funds do not document their processes well and some need to develop their risk registers further. He also recognised over-reliance on local authority controls as an area of weakness.

Kirsty Bartlett, partner at Squire Patton Boggs gave a legal update. The Pension Schemes Bill will strengthen TPR powers, introduce a framework for the pensions dashboards and tighten up pension transfer rules.

Caroline Escott, lead on ESG and corporate governance at the PLSA, considered the hot topic of why responsible investment matters. PLSA will launch responsible investment guidance at their conference in May.

Deirdre Cooper, portfolio manager from Investec Asset Management, looked at the potential impact of climate change on investment. She highlighted the need for a method of measuring a company's carbon footprint that takes into account direct and indirect carbon emissions.

Booking for next year's conference, which will be held at the Marriott Hotel in Bournemouth on 21 and 22 January 2021 will open shortly. This year's conference sold out and so we recommend early booking.

Pensions Schemes Bill reintroduced

In the Queen's Speech on 19 December 2019 it was announced that the Government will reintroduce the Pension Schemes Bill. The Bill will strengthen the Pension Regulator's powers, create a legislative framework to support pension dashboards and introduce regulations covering the right to a transfer.

The Bill has been introduced in the House of Lords and the second reading was on 28 January 2020. The Bill will now move to committee stage. The Parliament website includes the latest versions of [documents related to the Pension Schemes Bill](#), including draft legislation and Explanatory Notes.

FBU announces new legal challenge

The Fire Brigades Union (FBU) published a [FBU Circular](#) on 23 December 2019. In the circular they announced plans to launch a legal challenge for members of the 2015 Firefighters' Pension Scheme and members of the LGPS who will not be protected by the McCloud remedy. They argue that the cost control mechanism must be put into effect immediately. As the cost of the career average schemes is cheaper than expected, they believe that the cost cap process will lead to benefit

improvements or contribution reductions for members of the career average schemes.

National LGPS Frameworks survey

Lorraine Bennett contacted pension managers on 17 January 2020 to forward a request from Pippa Bestwick, the Programme Director of the National LGPS Frameworks. The National LGPS Frameworks team has been working with 11 founding authorities to develop a pensions administration software framework. They are working towards a launch date in April or May 2020.

The National LGPS Frameworks team has launched a survey to help them understand the requirements of LGPS administration in general and the specific requirements of individual funds. Each fund should [complete the survey](#) once by **Monday 3 February**. Responses will be used only to inform the Framework team's understanding of the LGPS pension administration landscape and will be treated in the strictest confidence.

If you have any questions about the survey, please contact the National LGPS Frameworks team by phoning 01603 495922 or email nationallgpsframeworks@norfolk.gov.uk.

Technical queries

The LGPC team responded to 153 technical queries in the three months to December 2019. The table below provides a summary of the topics covered by those responses.

% of queries	Topics and additional information
20.3%	Transfers and aggregation. We are preparing a technical guide covering transfers out that we aim to publish in the first quarter of 2020.
10.5%	Retirement, including trivial commutation and abatement
10.5%	Annual allowance and Lifetime allowance
7.8%	Types of employer, TUPE transfers, MATs, employer responsibilities and discretions
7.8%	Ill health
6.5%	Survivor benefits
5.2%	Paying and refunding contributions
4.6%	AVCs
4.6%	Pensionable pay, final pay and salary sacrifice
2.6%	APP and unpaid absences
2.6%	Pension sharing on divorce and pension credit members

The remaining 17% of queries concerned topics that administering authorities raised only once or twice in the quarter.

Wider landscape

RPI consultation to launch on Budget day

In [bulletin 189](#) we let you know that the Government was planning to consult on proposed changes to RPI. In a letter to the House of Lords Economic Affairs Committee on 13 January 2020, the Chancellor announced that the consultation will be launched at the Budget on 11 March 2020. You can [read the Chancellor's letter](#) on the Government website.

The Government Actuary's Department (GAD) has published a [technical bulletin](#) on the proposed changes and their potential impact.

NHS Pensions tax solution for clinicians

We reported in [bulletin 191](#) that NHS England had signed off on plans to pay the pension tax bills of clinicians if the tax charge arises in the 2019/20 year. More details of these plans were set out in the [statement made by Matt Hancock](#) (Secretary of State for Health and Social Care) on 7 December 2019. More [information and resources from NHS England](#) are now available and include letter templates and FAQs for staff and employers.

Clinicians working for non-NHS organisations (such as local government employers) are also eligible for this scheme, provided they are delivering NHS services and meet the eligibility criteria. They must be employed or engaged in a role that requires registration with an appropriate healthcare regulatory body and be a member of the NHS pension scheme to qualify.

Action for administering authorities

Please bring this article to the attention of employers who employ staff who are members of the NHS Pension Scheme.

Vacancy for Chair of the Firefighters' Pension Scheme SAB

Recruitment is now underway for the next Chair of the Firefighters' Pensions (England) Scheme Advisory Board. You can [apply for this vacancy online](#). The closing date is 16 February 2020.

If you have any queries about this role, please contact Philip Perry on 0207 035 3447 or email philip.perry@homeoffice.gov.uk.

Money and Pension Service announces permanent Chief Executive

The Money and Pensions Service (MaPS) has announced the appointment of Caroline Siarkiewicz as Chief Executive. Ms Siarkiewicz has been acting Chief Executive since June 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 team 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

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

The Pensions Regulator

The Pensions Ombudsman

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