

Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 148 – August 2016

This month's Bulletin contains a number of general items of information.

Please contact [Con Hargrave](#) with any comments on the contents of this Bulletin or with suggestions for other items that might be included in future Bulletins. LGPC contacts can be found at the end of this Bulletin.

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LGPS England and Wales

Fair Deal, Freedom and Choice, etc consultation response

The LGPC Secretariat's response to DCLG's May 2016 consultation on changes to the LGPS in England and Wales was submitted on 15th August 2016 and is available under [Drafts and Consultations](#) on www.lgpsregs.org.

FE and SF college insolvency consultation

On 5th August 2016, the LGPC Secretariat [submitted its response](#) to the Government consultation on the development of an insolvency regime for further education (FE) and sixth form (SF) colleges in England.

We understand that DfE received a good response to the consultation from LGPS pension funds and that the Government will shortly be issuing their formal response, which will touch on some of the main issues raised in the LGPS's responses, in particular:

- The risk of colleges becoming insolvent and being unable to meet their pension liabilities.
- The lack of engagement by colleges with LGPS funds in the area review process.

After a meeting held in July, at which DfE and representatives of a number of LGPS funds met to discuss the insolvency proposals, the LGPC Secretariat began a survey of pension funds in England and Wales in early August to gather further information on the participation of colleges in the LGPS (e.g. membership numbers, deficit recovery periods, liability levels, deficit levels). The survey closes on Wednesday 31st August and, following this, the LGPC Secretariat will be collating the responses received and sharing these with DfE.

It has also been drawn to the LGPC Secretariat's attention that earlier this year, the Skills Funding Agency (which funds further education in England) began to [publish a list](#) of colleges for which it had issued a notice of concern. The list is updated on the first working day of every month and, when a college no longer has a notice of concern against it, the college is removed from the next published list.

Investment pooling Q&As

In July, the LGPC published Q&A documents on investment reform for employees and employers respectively.

The Q&A for members can be found on the [Employees' Guides](#) page of www.lgpsregs.org. The Q&A for employers can be found on the [Communications Resources](#) page.

GAD data request – instructions for upload

In [bulletin 147](#), we included a short article regarding GAD's statutory request for membership data of funds in England and Wales as at 31st March 2016, to be supplied to GAD by 1st September 2016.

On 23rd August, DCLG circulated instructions for uploading data to GAD's online facility, with a further clarifying email sent on 24th August.

If you have any queries regarding the provision of your fund's data to GAD, please contact GAD in the first instance.

Roshni Sakaria – roshni.sakaria@gad.gov.uk // 0207 211 3426
Lamide Shittu – lamide.shittu@gad.gov.uk // 0207 211 2782

LGPS Scotland

Issue of actuarial guidance – effective 22nd August 2016

On 17th August 2016, SPPA circulated the following documents, which are now available on the [SPPA Statutory Guidance](http://www.lgpsregs.org) page of www.lgpsregs.org:

- Purchase of Additional Survivor Benefits
- Trivial Commutation – Addendum

The documents were issued with an effective date of 22nd August 2016.

An addendum to the LGPS 2015 additional pension guidance (contracts commencing on or after 1 April 2015 or paid for by the employer) was also issued on 17th August, but this has since been withdrawn as its content was the same as a prior version issued on 19th April 2016.

HMRC

Consultation – salary sacrifice for the provision of benefits-in-kind

Following the announcement in the 2016 Budget that the Government planned to undertake a consultation on limiting the range of benefits that attract income tax and NIC advantages when provided via salary sacrifice schemes (as reported in [bulletin 143](#)), on 10th August, HMRC [commenced a consultation](#) to take these proposals forward.

The consultation period is due to close on 19th October 2016.

Countdown bulletin no. 19

In August, HMRC [published issue no. 19](#) of their end of contracting out 'Countdown' bulletin. The bulletin:

- confirms dates of upcoming Pension Forums HMRC are holding in September in Newcastle, London and Leeds. A contact email address is provided for administrators wishing to attend one of these Pension Forums.
- provides the outcome of the GMP checker survey whereby the majority surveyed confirmed that they were happy with the service and only a small minority confirmed that they were having difficulties. If any fund is still experiencing problems and have not been contacted/have been contacted and are still experiencing problems they should contact HMRC at: Mailbox.newstatepensionenquiries@hmrc.gsi.gov.uk
- confirms that HMRC will not accept any more requests to register for the SRS (Scheme Reconciliation Service).

The new customer relationship manager (CRM) in respect of the ending of contracting out and the SRS is Paul Bennett. Paul can be contacted via crm.schemereconciliationservice@hmrc.gsi.gov.uk.

HMRC advised in the June Countdown Bulletin that their Business As Usual teams were receiving the following from Pension Scheme Administrators (PSA):

- terminations and transfers showing post 5 April 2016 end dates
- requests for CA1629
- contribution and earnings requests
- calculation requests
- membership queries from schemes using SRS

The teams have been responding to administrators advising that:

- they don't need post 2016 notifications other than the CA1611 (Contribution Equivalent Premium notification)
- they don't issue CA1629 if State Pension Age is after 5 April 2016
- SRS queries should be submitted via SRS e-rooms
- calculation and contribution/earnings requests should be submitted via the GMP Checker

Following publication of bulletin no. 19, HMRC will no longer respond to these types of queries.

Pension schemes newsletter no. 80

HMRC [published issue 80](#) of their pension schemes newsletter, covering

- Pension Flexibility Statistics,
- Lifetime Allowance, and
- Relief at Source annual returns.

In particular, HMRC have launched their new [online lifetime allowance service](#) for pension scheme members to apply to protect their pension savings from the lifetime allowance tax charge. This service replaces the interim paper process for applying for fixed protection 2016 (FP2016) and individual protection 2016 (IP2016) and replaces the online form for applying for individual protection 2014 (IP2014).

With the launch of the online service, HMRC will no longer process applications for lifetime allowance protection made using the interim process. Any applications made after the 31 July 2016 using the interim paper process will be returned and HMRC will direct the member to the online service to make their application.

Other News and Updates

Taxation of Defined Benefit Lump Sum Death Benefits (DBLSDBs) and Uncrystallised Funds Lump Sum Death Benefit (UFLSDB)

In [bulletins 139, 141 and 146](#) we included articles covering the taxation of Defined Benefit Lump Sum Death Benefits (DBLSDBs) with reference to the changes brought about by the [Finance \(No. 2\) Act 2015](#) which amended the Finance Act 2004. Since publishing these articles the LGPC Secretariat has received a number of queries relating to this matter.

The LGPS regulations, both in England & Wales and Scotland, all contain a similar provision concerning the timescale within which a death grant must be paid. If the administering authority has not paid the member's death grant before the expiry of two years beginning with the date of the member's death or, where the administering authority did not know about the member's death within that period, beginning with the date on which the administering authority could reasonably be expected to have become aware of the member's death, they must pay the death grant to member's personal representatives. Therefore, without a change to the relevant LGPS regulations administering authorities are unable to make a payment in accordance with the new provisions brought about by the Finance (No.2) Act 2015.

The new provisions provide that where a DBLSDB and/or UFLSDB (AVCs) is paid to either a 'qualifying person' or a 'non-qualifying' person after a period of two years of the Scheme Administrator first becoming aware of the individual's death, that such payments shall be authorised. Where the payment is made after this period the new rules (section 206 and paragraphs 13 and 15 of Schedule 29, of the Finance Act 2004) become valid and where payment is made to a:

- 'qualifying person' (e.g. a nominee), tax is deducted by the Scheme Administrator via PAYE, and
- 'non-qualifying person' (someone who is receiving the payment in their capacity as a trustee, other than a bare trustee*, or in their capacity as a personal representative, director of a company, partner in a firm or member of a limited liability partnership), tax is deducted by the Scheme Administrator at 45%

DBLSDB and UFLSDB continue to be paid tax free when paid within a period of two years of the Scheme Administrator first becoming aware of the individual's death (although the recipient might be liable to a lifetime allowance charge).

Given that the changes introduced by the Finance (No. 2) Act 2015 mean that it is no longer necessary for payments to be made within 2 years to be authorised payments, in the interests of making the tax system fairer, the LGPC support a change to the LGPS regulations to facilitate these new provisions and have requested the appropriate amendments.

Until such changes are made, administering authorities should comply with the LGPS regulations and continue to ensure death grants are paid before the expiry of two years beginning with the date of the member's death or, where the administering authority did not know about the member's death within that period, beginning with the date on which the administering authority could reasonably be expected to have become aware of the member's death.

Note: "bare trustee" means a person acting as trustee for-

- (a) an individual absolutely entitled as against the trustee,
- (b) two or more individuals who are so entitled,
- (c) an individual who would be so entitled but for being a minor or otherwise lacking legal capacity, or
- (d) two or more individuals who would be so entitled but for all or any of them being a minor or otherwise lacking legal capacity.

LGPC annual allowance guide

On 23rd August 2016, an updated edition of the LGPC's annual allowance guide was issued in clean and tracked versions on www.lgpsregs.org:

- England and Wales – <http://lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme>
- Scotland - <http://lgpsregs.org/index.php/scotland/admin-guides>

The tracked version shows the changes made since the previous incarnation of the document which was issued in July 2012.

On 26th August, the guide was reissued to include annex 5, GAD's guidance on the transfer Club and the calculation of the pension input amount. The wording of example 46 was also amended slightly.

The guide will need to be updated for English and Welsh administering authorities when the LGPS (Amendment) Regulations 2016 are issued by DCLG to take account of the change in the rules governing aggregation.

Consultation on merger of Richmond and Wandsworth funds

DCLG have [commenced a consultation](#) proposing a merger of the Richmond and Wandsworth pension funds. The consultation closes on 15th September 2016.

Tell Us Once

Over the August Bank Holiday weekend, DWP transitioned the hosting of Tell Us Once from a physical environment to a virtual one hosted in the cloud. During the transition an issue was identified which meant that LGPS pension funds were not able to receive notifications via the service on Tuesday 30th August. The service was fully restored on Wednesday 31st August. No notifications should have been lost as a result of the service disruption, but if you have any concerns about this please get in touch with the DWP service desk (details below).

DWP have asked that we confirm the contact details for DWP where a fund needs to get in touch about Tell Us Once:

DWP service desk TELL-US-ONCE.SERVICEDESK@DWP.GSI.GOV.UK
0113 2324702

The DWP service desk should be the first port of call for all queries about Tell Us Once. However, if problems persist or if further assistance is needed, please feel free to get in touch with the LGPC Secretariat who can pick this up with DWP directly.

TPAS 2015/16 annual report and accounts

The Pensions Advisory Service (TPAS) has published its [Annual Report and Accounts for 2015/16](#). The report shows that, compared to the previous year, direct customer contact on core business increased by 55% and by 72% on its overall business.

Training

Spaces are available for the each of this year's 'Fundamentals' sessions in London, Leeds and Cardiff. More details are contained at the links below:

London	Day 1	6 October
	Day 2	1 November
	Day 3	29 November
Leeds	Day 1	18 October
	Day 2	9 November
	Day 3	6 December
Cardiff	Day 1	25 October
	Day 2	15 November
	Day 3	14 December

The second "Insight" residential training course for 2016 is being held in Blackpool between 19th and 22nd September. Once again, this course has proved so popular all places have been sold and there is already a significant wait-list. However, in order for us to plan courses for 2017 it would be helpful if you could register your interest by emailing elaine.english@local.gov.uk who will give you prior notice of future "Insight" residential training courses or let you know of any cancellation on the Blackpool event.

A further circular advertising future practitioner training events will be circulated in due course.

Useful Links

[LGA Pensions page](#)

[LGPS E&W member website](#)

[LGPS 2015 members' website](#)

[LGPS Advisory Board website](#)

[LGPS Regulations and Guidance website](#)

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in England and Wales.

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in Scotland.

[Recognised Overseas Pension Schemes](#) approved by HMRC and who agreed to have their details published.

[The Timeline Regulations](#) for Final Salary Scheme

[The Timeline Regulations](#) for Career Average in England and Wales

Pensions Section Contact Details

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

Jeff Houston (Head of Pensions)

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Terry Edwards (Senior Pensions Adviser)

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Distribution sheet

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