

# NPCC Police Pensions Bulletin 7 – 09/05/2024

## Welcome

We would like to welcome all our readers to the NPCC Police Pensions Bulletin number 7.

If you have any topics that you would like to see in future issues or you have any suggestions for additions to the website or additional guidance that is required, you can now let us know by completing the online [request survey](#).

If you have colleagues who would benefit from seeing this bulletin, but have not received it directly, they can request to be added to the distribution list by sending an email to [npccpensions@npcc.police.uk](mailto:npccpensions@npcc.police.uk).

## Actions for Local Pension Boards

- Ensure the [RSS return](#) is completed and returned to NPCC and reported to the local pension board.
- Complete the return for [Contingent Decision reporting](#).

## Actions for Scheme Managers

- Complete the [SLA information](#) if your force has not yet provided this.
- Complete the monthly return for [RSS reporting](#).
- Complete the [annual reporting survey](#) for your force.
- Arrange the process for the [contribution adjustment settlement](#).
- Familiarise yourself with the [compensation guidance](#).

## Actions for Pension Administrators

- Arrange the process for the [contribution adjustment settlement](#).

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## Latest updates for McCloud remedy

### Compensation guidance

We have drafted some compensation guidance for Scheme Managers which has now received legal assurance and a review from HM Treasury and the Home Office. Scheme Managers should familiarise themselves with this guidance which is now available on [K-Hub](#).

In addition, we have published a Member Remedy Factsheet and a Member Claim Form and these are available on our [website](#).

The Home Office will be publishing their Accounting and Finance guidance soon.

### Tax on interest

In last months bulletin we said that the GAD calculator to calculate the 8% interest was being worked on. The work included the split of interest up to and above the commercial rate of interest.

On 22 April 2024, we received some revised information from HMRC and HMT which changes the position regarding tax on interest for all public sector pension schemes. This position is also updated in the latest [HMRC newsletter](#).

This information means that GAD will not now be providing any updates to the existing interest calculator as this will calculate the interest due on arrears of annual pension and lump sums. We would like to remind readers that the GAD interest stand-alone calculator is already available via [K-Hub](#).

This does now mean that administrators can go ahead and start to populate and issue IC-RSS statements to members and they can quote the full 8% interest on the statements as indicated in earlier bulletins.

However, we wish to alert administrators that during the process with HMRC and HMT to understand how this applied to unauthorised amounts, we discovered that the process of calculating new unauthorised amounts as a result of top-up lump sums and offsetting from the original unauthorised amounts and tax paid, may not work as we had envisaged, and we continue to work through these issues with HMT.

Therefore IC-RSS can be issued to members who have authorised lump sums, but we recommend that administrators contact us if they are ready to issue IC-RSS for members who have unauthorised lump sums.

The changes are summarised below:

	Previous position	Revised position
Arrears of annual pension	<ul style="list-style-type: none"> <li>Interest paid up to commercial rate was authorised and paid as a SAMP.</li> <li>SAMP is taxable as saving income.</li> <li>Interest paid above the commercial rate was unauthorised and subject to 40% tax charge.</li> </ul>	<ul style="list-style-type: none"> <li>All of the 8% interest paid on arrears of pension is authorised and paid as a SAMP.</li> <li>SAMP is taxable as saving income.</li> </ul>
Arrears of lump sum	<ul style="list-style-type: none"> <li>Interest paid up to commercial rate on authorised lump sum was authorised and paid as a SAMP.</li> <li>SAMP is taxable as saving income.</li> <li>Interest paid over commercial rate on authorised lump sum was unauthorised and subject to 40% tax charge.</li> <li>Interest paid on unauthorised lump sum was unauthorised and subject to 40% tax charge.</li> <li>Scheme Sanction Charge of 15% of the unauthorised portion of interest was to be disapplied by way of a WMS.</li> </ul>	<ul style="list-style-type: none"> <li>All of the 8% interest paid on authorised arrears of lump sum is authorised and paid as a SAMP.</li> <li>SAMP is taxable as saving income.</li> <li>All of the 8% interest paid on unauthorised arrears of lump sum is unauthorised and subject to 40% tax charge.</li> <li>scheme sanction charge of 15% will apply to all unauthorised interest payments.</li> </ul>

Where a SAMP is paid to a member it is taxable as saving income and it will be for the member to report this to HMRC via Self-Assessment and to pay the appropriate amount of tax in relation to their total income from interest and investments. Guidance on tax on savings interest is available on [GOV.UK](https://www.gov.uk) webpages.

### HMRC calculator

The HMRC calculator was “shuttered for technical reasons” on 11 April 2024. This has left members who need to make a choice about the remedy benefits in a difficult position.

Even before the calculator was taken offline, we had raised multiple times over a period of several months, the issues, risks, and concerns that we had for police officers who would need to use the digital service. With that in mind, we have issued a business case seeking HMT support through funding to procure a full technical solution to manage the rectification of tax issues. The paper, which sets out the five-point business case for a digital solution, can be read on the [K-Hub](#).

In addition to this, on 15 April 2024, CC Jeremy Vaughan sent a [letter to HMT and HMRC](#) about the approach to the rectification of remedy and how it is affecting policing.

HMRC have not provided us with any timeframe for how long the calculator will be offline, other than to say that it will be down for weeks as they need to add improvements such as the save and return function but also to fix some technical issues they have identified.

What should members do now?

We know that our members tend to use the calculator twice,

- Firstly, to help inform their tax position so they can decide between legacy or reformed scheme benefits and,
- Then again when they have made their election, to submit the revised position to HMRC.

Where members are using the calculator upon receipt of an estimate or their retirement options, in the interim, you can direct them to use the Annual Allowance calculator – <https://www.tax.service.gov.uk/pension-annual-allowance-calculator/>.

While this will provide the member with details of the amount that is subject to a tax charge for each year, the annual allowance calculator will not:

- a) Calculate the tax charge due from the member based on their marginal rate or,
- b) Take account of any charges previously paid and make any adjustments for either compensation or increased tax charge.

Points a) and b) are where the HMRC calculator for the public service remedy differs as it will calculate these two items.

Members who have had or are likely to have a tax charge will have been provided with an NR-PSS, which gives them the original position of what tax charges were paid by the scheme. With this information they would be able to assess their revised position, which will enable them to make a choice of remedy benefits.

## Member submissions

If a member has made a choice for their remedy benefits, and they need to submit the changes to HMRC, this can be done by a manual process direct with a dedicated HMRC team. In the first instance, the member should send an email to [publicservicepensionsremedy@hmrc.gov.uk](mailto:publicservicepensionsremedy@hmrc.gov.uk) they should put “PSPR submission – police” in the subject line, alternatively they can call 0300 123 1079 and select option 1.

In the body of the email, they should make it clear that they need to make a submission for the Police Pension Scheme, providing their full name, email address and telephone number. A member of the HMRC team will then contact the individual and go through the manual submission process, this will involve the member completing a manual submission form and they will need to have the relevant PSTR numbers along with the information listed on [GOV.UK webpages](#).

## Remediable Service Statements

### ABS-RSS

The ABS-RSS templates have been finalised and were issued to administrators on 1 May 2024. The pack follows the same principles as the IC-RSS pack and contains a conditional text document, a data specification, and a design version.

It also contains a form designed specifically for PPS 2006 legacy members so that they can confirm if they wish to have their contributions refunded to them now, or if they wish to make an indicative choice for PPS 2015 benefits and for the scheme to retain the contributions for the time being. These members will be able to change their mind with each issue of the annual ABS-RSS.

The documents are all available on the [K-Hub](#).

## Contribution adjustments

We have been receiving a number of queries about contribution adjustments and when members can make them. This information could also be shared with members directly if they are raising queries with you. The information below is a brief summary and more detailed information can be found in the [Contribution Adjustments – Member Remedy Factsheet](#).

A member will be informed of their contribution adjustment position in their first RSS document.

- For active and deferred members this will be their ABS-RSS which is due to be published by 31 August 2024.

- For members that are retiring before 31 August 2024, they will receive a deferred choice RSS at the point of retirement.
- For members who were pensioners and beneficiary members on 30 September 2023, they will receive an IC-RSS by 31 March 2025.

It is not possible to provide the contribution adjustment prior to the issuing of the first RSS document as not all the relevant “rollback” actions will have been carried out.

Where a member owes contributions to the scheme, the interest rate applied is the NS&I rate and will have been calculated up to 28 days after the date of the RSS. Interest will then continue to apply after this date at the NS&I rate until such time as the contribution adjustment is settled in full.

Where a member is owed contributions from the scheme, the interest rate applied is 8% and will have been calculated up to 28 days after the date of the RSS. Interest will then continue to apply after this date at the NS&I rate until such time as the contribution adjustment is settled in full.

For pensioners, beneficiaries or those retiring now, the contribution adjustment will be dealt with as part of their retirement and any adjustment can be taken from or added to their lump sum payment.

For active and deferred members, they will be able to make their contribution adjustment within 12 weeks of receiving their ABS-RSS, they will have this option each year upon receipt of their ABS-RSS until such time as they reach retirement, when the adjustment must be made. As set out above, interest at the NS&I rate will continue to accrue until the adjustment is settled.

There are pros and cons of settling the adjustment prior to retirement and these are set out in the [Contribution Adjustments – Member Remedy Factsheet](#) and it is for members to decide what is right for them. Members should be made aware that if an adjustment is made prior to retirement, and the Member then chooses reformed benefits at retirement, the contributions will be adjusted again at that time, which may mean that they have to re-pay contributions plus interest.

Members who do not wish to accrue any further interest, but also do not wish to suffer any disadvantages to settling the adjustment early may wish to consider if there are alternative investment options which could be used at a later date to settle the contribution adjustment.

#### Settlement of contribution adjustment process

Scheme Managers should start planning with their administrators the process that members will need to follow to settle their contribution adjustments upon receipt of their ABS-RSS in August. This should include, but will not be limited to:

- a) Communication to members about the process.
- b) Process for recalculating the correct interest to date of payment.
- c) Process for either paying the member the owed contributions or for the member to make payment.
- d) Process for notifying the member of the amount due and how it will be settled.
- e) Process for notification to the administrator that the contribution adjustment is settled.
- f) Process for the administrator to record the settlement of the contribution adjustment.

## Data requests

### Annual data request

This is the first year that we have issued this type of request, but this will see the start of an annual request to enable NPCC to collate some data to understand the volumes of specific items nationally. This management information will help inform our plans for our pension futures work.

We are asking for information for the 2023/24 year about your: –

- Internal Dispute Resolution Procedure cases.
- Opt Out data.
- Ill Health retirement, SMP decisions and PMAB cases.
- Discretionary decisions about retire & return and abatement.
- Pension Savings Statements.

**Each force (not the administrator) should complete the survey as soon as possible and by Friday 7 June 2024 – <https://forms.office.com/e/tmbG6XvXXt>**

### SLA information

**11 forces are yet to submit their SLA data**, even if you are an XPS force, you can still submit your SLA data independently. Scheme Managers should check if your force is still outstanding on the 'forces with missing SLA data' tab and then complete the 'SLA information' tab on the [SLA and RSS information](#) spreadsheet. Please provide this as soon as possible and once complete please email it to [npccpensions@npcc.police.uk](mailto:npccpensions@npcc.police.uk).

The 11 forces that have still not supplied their SLA data at the time of publication are:



City of London	National Crime Agency	Suffolk
Cleveland	Norfolk	West Midlands
Humberside	North Wales	West Yorkshire
Merseyside	Northamptonshire	

### Remediable Service Statement monthly reporting

The monthly request for RSS data can be found on the [SLA and RSS information](#) spreadsheet. Scheme Managers should liaise with their pension administrator to populate the table for the RSS' issued in April 2024.

The deadline for submitting this data is **31 May 2024**, once complete please email it to [npccpensions@npcc.police.uk](mailto:npccpensions@npcc.police.uk).

**Please ensure that someone at your force is collating this information**, we recommend that Local Pension Boards include this on their agenda.

We understand that for forces that are administered by XPS, so far it has not been possible to provide this information. XPS are working on a monthly report to forces which will provide this information, if your force has not already received this then you should do soon.

### Contingent Decision quarterly reporting

If you have not yet submitted your quarterly reporting for contingent decisions for Q3 or Q4 of 2023/24, even if it is zeros, please do let us have the completed [Contingent Decision quarterly return](#) as soon as possible.

The deadline for submitting this data is **31 May 2024**, once complete please email it to [npccpensions@npcc.police.uk](mailto:npccpensions@npcc.police.uk).

### Payroll / McCloud data contacts for interforce transfers

Over the last couple of months, we have been beavering away collating some contact information for the most appropriate contact at each force for the provision of the McCloud bulk data and the GAD contribution data. Thank you to everyone that responded. We're pleased to say that we have obtained contacts for every force.

This now means that where you have a police officer that has transferred to or from your force, you can provide or request the McCloud bulk data and the GAD contribution data from a designated contact.

Details of the contacts and the relevant templates and guidance have all been collated together for ease into one place on [K-Hub](#).

## Pensions Dashboards

On 1 May 2024, the Pensions Dashboards Programme published the [updated version of the data standards](#). The standards cover the data requirements for finding and viewing pension information and are mandatory for pension schemes to connect to the ecosystem.

## Technical queries

If you have a query that you want to raise with the NPCC Police Pensions Team, please send your completed [Technical Query form](#) by email to [npccpensions@npcc.police.uk](mailto:npccpensions@npcc.police.uk) we can then ensure that the query is picked up by the most appropriate team member.

You can find a log of all technical queries raised on [K-Hub](#).

## NPCC website updates

### Member Remedy Factsheet

We have published a new [Member remedy Factsheet – Compensation](#) on the website, which provides some guidance for the member about they types of claims that can be made.

Along with this we have provided a [Compensation Member Claim Form](#), which the member can use. Forces can also personalise this form as necessary if required,

## Meeting updates

### Pensions Chat

Since the last bulletin there have been two Pensions chat sessions the slides can be accessed via the Knowledge Hub.

- [Session 18 April 2024](#)
- [Session 25 April 2024](#)

If you do not have access to the Police Pension Community group on the Knowledge Hub and you would like access, you can request it <https://khub.net/group/police-pension-administrators-forum>.

If you are not on the invite list for Pensions Chat, you can request to be added to the distribution list by sending an email to [npccpensions@npcc.police.uk](mailto:npccpensions@npcc.police.uk).

The next Pensions Chat are scheduled for: –

- 9 May 2024 at 2.30pm
  - this session will focus on the abolition of the LTA from 6 April 2024 and what that means.
- 23 May 2024 at 2.30pm
  - this session will focus on the compensation guidance for scheme managers and also on the accounting and finance guidance from the Home Office.

## Pensions Dashboards Working Group

We have formed a new working group for Pensions Dashboards, the group is made up of representatives from across the police sector with a wide range of skills and experience. We have an independent chair for this group and the first initial kick off meeting was held on 26 April 2024.

The group discussed the results of a survey issued to administrators about their readiness for Pensions Dashboards. They also raised some items to add to a workplan which will form the basis of the work moving forward for this group over the next 18 months or so. The report and the minutes of the meeting are all available on the [K-Hub](#).

## Local Pension Boards

If you would like NPCC to attend your Local Pension Board meeting, either regularly or on an ad-hoc basis, please send an email in the first instance to [npccpensions@npcc.police.uk](mailto:npccpensions@npcc.police.uk).

## Remedy Implementation Group

The last meeting of the group was on 23 April 2024, and this was the first time that the new representatives had all come together. There was some really useful discussion, and the group covered a range of topics such as best practice for decision making on contingent decisions as well as issues that forces are facing with extracting and collating all the necessary data for remedy.

Details of the group including minutes and actions can be found on [K-Hub](#).

## Other useful updates

### HMRC bulletins

HMRC published their [Newsletter 159](#) on 25 April 2024.

Newsletter 159 contains information about queries that HMRC have received about the abolition of the LTA from 6 April 2024. It also confirms that [Newsletter 156](#) has been updated to reflect the change in HMRC's policy position about Tax on Interest.

We are aware of these policy changes and are working through these with HM Treasury and HMRC to establish the correct treatment for the Police Pension Scheme. We will provide an update as soon as possible.

**In the meantime, we recommend that you take no action on the newsletter and await further guidance from the NPCC Pensions Team.**

## Court of Appeal

The Court of Appeal has dismissed an appeal by two trade unions about HM Treasury’s statutory power to control changes in the costs of public sector pension schemes by modifying members’ benefits and or contributions. You can read more about this on [pensions barrister](#) webpages.

## Useful links

On GOV.UK web pages: –

- [Previous years PI multiplier tables](#)
- [HMRC Pension Schemes newsletters](#)

On K-Hub: –

- [Annual Statutory Instruments](#)
- [Remedy toolkit information](#)
- [Pension Chat slides](#)
- [NPCC Police Pension Bulletins](#)

## Contacts

Role	Name	Email address
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