

A decorative graphic in the top left corner consists of a series of overlapping, semi-transparent hexagonal shapes. The lines forming these shapes are in shades of blue and red, creating a complex, geometric pattern that recedes into the background.

NPCC Police Pensions Update

28 March 2024

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Contents

[Contributions adjustments and tax relief methods](#)

[Issuing IC-RSS](#)

[Pension Tax regulations and issuing pension savings statements](#)

[Transfers In – Both converting transfers to legacy scheme service and contingent decisions](#)

[Contingent decisions – updates](#)

[Measuring remedy progress and reporting to local pension boards](#)

Contributions adjustment tax relief

1987 – Page 8 of Contribution adjustment factsheet

Active members (i.e. adjustment made while still a serving officer)

- PAYE or self-assessment in tax year of making the contribution payment
- Compensation claim if the member believes they would have been better off if they'd made the contribution during the remedy period, when it was originally due

Non-active members (e.g. adjustment made at retirement)

- Compensatory relief, provided through the GAD calculator
- No need for a claim

Contributions adjustment tax relief

2006 – Page 13 of the [Contribution adjustment factsheet](#)

Member would have received tax relief when they made the original contribution

Paying a compensatable refund of contributions, means the tax relief needs to be reclaimed from the compensatable contributions.

This is done automatically through the GAD calculator, the contribution adjustment statement will show how much has been adjusted for tax relief

This adjustment needs to be recorded

IC-RSS Progress

How is the testing of the IC-RSS production going?

Is additional support needed?

Do you have a plan for production?

Have you reported progress to your pension board?

8% issue

- WMS expected after recess to confirm position of scheme sanction charge
- Interest to be calculated on gross pension arrears in the case of underpayments, and gross amount of interest to be quoted on IC-RSS
- GAD expected to update calculator

Annual Allowance

Regulations &
Guidance

Template notional
remediable pension
savings statements
provided

FAQs available

Regulations

Regulations

- [Tax \(No 1\)](#)
- [Tax \(No 2\)](#)

Information

- [HMRC newsletter on public service pensions remedy – August 2023](#)
- Khub resources – [Remedy Pension tax – Discussion – Police Pension Community – Knowledge Hub \(khub.net\)](#)
- Pension Chat Index

Pension Chat Index: Tax – AA remedy

[26 October 2023](#) – Slides 3 to 7

14 September 2023 [HMRC member journey](#)

Pension tax processes and HMRC update – [14 September 2023](#) – Slide 4 & 5

Tax consultation (No.2) New format for tax charges arising in tax years 2019/2020 to 2022/2023 – [22 June 2023](#) – Slides 11 to 14

[23 March 2023](#) – Remedy recap – Slide 3 to 5

[Tax regulations published](#) – [9 February 2023](#) – Slide 2

Tax consultation – [14 December 2022](#) – Slide 9

Rectification of unlawful discrimination – [Tax regulations consultation](#) – [1 December 2022](#), slide 5 to 12

HMT Remedy Tax Policy – Pension Chat [22 September 2022](#) – Slide 5 to 10

Issue of PSS and Scheme Pay election deadlines

The tax (no 1) regulations confirm the following

Deferred choice (active or deferred after 1 October 2023)

- Rectification deadline for PSS is 6 October 2024 [\[6ZC\]](#)
- Scheme pays deadline 6 July 2025 [\[8\(4\)\]](#)

Immediate Choice (retired or died before 1 October 2023)

- Rectification deadline, 6 months after making an election. [\[6ZE\]](#)
- Scheme pays deadline, 6 July 2027 [\[8\(4\)\]](#)

HMRC have confirmed the position for members retiring after 1 October 2023, who we term 'Immediate Deferred Choice', in that they will not have received a remediable pension saving statement.

- "for anyone who retires on or after 1 October 2023, the deadline for providing a PSS in relation to the 2022-23 tax year is 6 October 2024. As above schemes can provide PSSs ahead of that deadline if they wish.

The deadline for a scheme pays election is as previously advised, for the 2022-23 tax year and any extra annual allowance charge due in respect of a remedy period year, the deadline is 6 July 2025. The deadline for a scheme pays election in respect of the 2023-24 tax year will be the earlier of 31 July 2025 and when the member **fully crystallises their benefits under that scheme.**"

Therefore the member must make a scheme pays election as part of their retirement paperwork and it can be varied later, if it was based on estimated information, in line with current retirement processes for schemes pays in the current tax year.

Treatment of scheme pays in rectified PIA

- As confirmed in the pension chat session on 1 December 2022, in response to the [HMRC draft tax regulations consultation](#), the regulations were subsequently laid in February 2023.
- The relevant regulation which ignores scheme pays (both mandatory and voluntary) during the remedy period for the purpose of calculating the pension input period is 10(8)
- [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(legislation.gov.uk\)](#)

Calculation of Pension Input Amount

Where Scheme Pays has been used, new tax regulations will simplify the calculation of revised PIAs based on legacy rather than new scheme accrual in remedy period. years for unprotected and taper protected members.

The effect of any use of Scheme Pays made to pay AA charges arising in respect of remedy period years **should be ignored for this calculation**. The effect of this change will be to make the revised PIA calculable based on the opening and closing value of the individual's pension before any benefit adjustment is made to take account of use of Scheme Pays. This change will mean that all revised PIAs can be calculated at one time, and communicated to the member in one go.

Without this change, schemes would have to write out to individuals regarding each year separately, for the individual to then respond, potentially involving seven or eight communications between the scheme and the member to correct the position for remedy period years.

10(6) means that scheme pays are ignored for the calculation of the pension input amount during the remedy period

Template Notional Remediable PSS



Members who will have retrospectively breached the Pension Input Amount in any scheme year of the remediable service period, may have additional tax charges to pay.



To ensure the member is given information about potential additional tax which informs their choice, they must be given a notional remediable PSS which rectifies the position for each of the years of remedy.



NPCC – Notional Remediable Pension Savings Statement – [KHUB](#)

Template NR-PSS

Notional Remediable Pensions Savings Statement **Immediate Choice Member**



We are providing you this additional information as you have received a Remediable Service Statement (RSS) and for you to make an informed choice about your remedy benefits you will need to know the revised position of your Annual Allowance.

Your RSS details how your benefits built up during the remedy period are affected by moving you back to your legacy scheme for the remedy period. These changes to your pension may result in a potential liability for you to pay (more or less) pension tax under the Annual Allowance (AA).



What to do with this statement?

The enclosed Notional Remediable Pensions Savings Statement (NR-PSS) shows your re-calculated pension growth each year for the remedy period taking into account the effect of moving you back to your legacy scheme. You will need to use the information in this statement and the benefits shown in your RSS to consider the value of any change in benefits alongside any pensions tax impact.

The information in this statement relates to your Police Pension Scheme benefits only.

You may need to provide this information to an independent Financial Adviser if you require financial advice to help make your decision.



What happens next?

When you have made your final choice of benefits for the remedy period and these have been put into payment, we will issue any applicable Remediable Pensions Savings Statement (R-PSS) for the relevant years based on your choice of benefits. Using the information provided you will then need to submit your corrected tax position through HMRC's Public Service Pensions Remedy service. This will allow you to:

- Calculate any Annual Allowance changes, and to
- Make a submission for a tax correction without the need to correct any previously submitted HMRC self-assessment tax return.


More information about this process will be provided in your Remediable Pensions Savings Statements.


FAQS – [How do I calculate my pensions tax charge?](#)


How do I calculate my pensions tax charge?


To assess whether you will be entitled to receive any compensation payments for tax owed back to you, or whether you have any new or increased tax charges due as a result of your remedy choice, you will need to use the HMRC calculator to [calculate your public service pension adjustment](#).


Currently there is no option to save the data that you have entered, and therefore it is advisable to check that you have all the necessary data before you start the process. HMRC have provided a list of data so that you can [check what information](#) you will need. More information is also available in the [newsletter on the public service pensions remedy](#) that was published on the GOV.UK webpages in October 2023.


If you retired between 1 April 2015 and 30 September 2023 

If you retire between 1 October 2023 and 6 October 2024 

What happens after I've made my choice? 

If you are an active or deferred member 

How can I pay my pensions tax charge? 

How do I find HMRC guidance? 

Transfer In – Contingent Decision (did not transfer in, wants to now)



A contingent decision is made when a member says they would have done something if it had not been for the discrimination. For transfers, this is where an officer says they would have made a transfer if they had been in a legacy scheme. A member in the legacy scheme could have transferred in at any time they were in the legacy scheme, as [regulation F6 of the 1987 scheme](#) which permits transfers in, does not have a deadline. The [member guidance](#) covers transfer contingent decisions on page 6.



Therefore, members of the 1987 scheme could have transferred in at any time and the contingent decision is designed to put them back in the position they would have been in.



The key to a transfer-in contingent decision, is they have to prove that they would have transferred in but for the discrimination, ie they have to prove they were actively considering a transfer in during the remedy period but didn't transfer because they were in the reformed scheme. The pension chat session on 21 April 2022 – slide 7 covered how transfers in are dealt with under the 1987 and 2015 scheme



Because of the reason for the contingent decision being that the member claims they would have done something that they didn't, the scheme will not have any evidence of this, so it is for the member to come forward if they think they have a claim, you cannot reasonably identify them from data.

Transfer In

Protected and taper members who were treated as members of the 1987 scheme until 31 March 2022

- Members of the 1987 scheme retained their right to transfer in up until 1 April 2022
- Borne out by the presence of GAD factors still being available, and that there is no restriction based on date in the regulations [\[F6\]](#).

Unprotected members and members who have tapered to the 2015 scheme

- [Paragraph 2c of rule 189](#) prevents a transfer in any later than 12 months of the first day of eligible service (treated as being 1 April 2015 or the taper date).
- However, [para 3 of rule 189](#) allows a scheme manager discretion to accept a later date.
- It is the view of NPCC that scheme managers have control over the use of their discretions and allowing a transfer in would be a reasonable use of the discretion. (Albeit the transfer itself must have arisen before 31 March 2016 or the first 12 months after the taper date).

Does a new window open for transfers from 1/04/2022?

- [Paragraph 2c of rule 189](#) refers to 'eligible service'. [Eligible service](#) is defined as being an active member of the 2015 scheme
- It is the view of NPCC that, the transfer in rule allows 12 months from the first day of being eligible for the 2015 scheme.
- However, even where the member does not meet the definition of being within 12 months of being eligible for the 2015 scheme, scheme manager discretion can be used to allow a transfer in.

Transfer In- Remediabile Transfers (Transferred in during remedy period)



Transfers that actually took place, do not need a contingent decision, they are dealt with in the remediable regulations to allow a conversion to legacy scheme benefits where possible. Members do not opt for this, it is automatic.



This was covered in the [consultation - paragraph 5.46](#) and the pension chat sessions on 10 March 2023 & 08 November 2023.

10 March 2023 - slide 9 and 17 covered the Home Office consultation
08 November 2023 – slide 4 covered the regulations



Regulations [45](#) and [46](#) apply.

[Paragraph 46 \(2a\)](#) converts the transfer to legacy service if the legacy scheme would have permitted the transfer (ie capped to 30 years)

Paragraph 46 (2bi) applies where the legacy scheme would not permit the transfer and there is service after 1 April 2022 in the 2015 scheme

Paragraph 46 (2bii) applies where the legacy scheme would not permit the transfer and there is no service after 1 April 2022

Remediable Transfer Ins

Part 6, Chapter 4 [The Police Pensions \(Remediable Service\) Regulations 2023](#)
([legislation.gov.uk](#))

Regulation 45 says that a transfer received into the reformed scheme during the remedy period is treated as having been received into the legacy scheme.

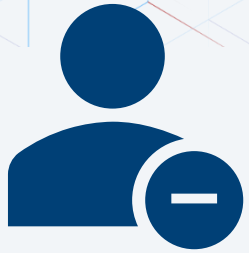
- Either the whole or part of the transfer is treated under regulation 45 and buys service up to 30 years

Regulation 46 then says how to do that if the transfer could not have been permitted into the legacy scheme.

- Any part over 30 years is treated under regulation 46.
- For service after 1 April 2022, this is a transfer amount into the 2015 scheme post 1 April 2022
- For no service after 1 April 2022 (known as 'transfers without a home') it is treated as a compensatable value (guidance to be received)

Home Office material on transfer ins is on the khub here - [Transfer Ins - Discussion - Police Pension Community - Knowledge Hub \(khub.net\)](#)

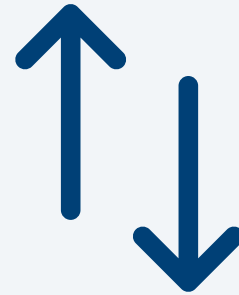
Contingent Decision update



Opted Out Service

Two new sections have been added to the existing Scheme Manager and Pension Administrator [guidance](#).

- Re-instatement key points.
- Pre and post remedy contributions.



Legislation amendments

Honoraria – Election to be made at retirement.

Transfers – guidance and forms have been updated.

SLA & RSS Return data

Monthly request in place since November 23

SLA data received from 28 forces.

- Most of those that have not provided this data are XPS forces, but 2 are not.

SLA Patterns

- No consistency, with one force having no SLAs in place at all and two forces with no SLAs for payment of lump sums.

SLA Ranges

- For estimates: the SLA ranges from 5 days to 20 days with 3 forces having 7 days and 4 forces having 10 working days.
- For retirements: the SLA ranges from 5 days to 30 days with 4 forces having 10 working days.
- For retirement lump sum payments: the SLA ranges from day of retirement to 7 working days with 3 forces having 5 working days.

For lump sums

- All forces said that they make the payment by BACS, which takes 3 working days to clear in the account.
- One force said they offer the member the option to pay the CHPAS fee to have the payment made on the first working day after retirement.
- Two forces make lump sum payments only once a week on a specific day so any lump sum payment would fall into the next run.

RSS data

763 RSS' have been issued.

- 193 of those are for estimates – IDC-RSS (not retirement quotes and)
- 570 are the options for BAU retirements – I-DC-RSS.

SLA & RSS return data

SLA non-returns

SLA data missing:	
Force	Administrator
City of London	City of London Pensions
Cleveland	XPS
Humberside	XPS
Lincolnshire	XPS
Merseyside	XPS
National Crime Agency	XPS
Norfolk	XPS
North Wales	XPS
Northamptonshire	XPS
Nottinghamshire	XPS
Suffolk	XPS
Surrey	XPS
Sussex	XPS
West Midlands	West Midlands
West Yorkshire	XPS

RSS information received

RSS data	RSS data received - number of forces providing data				
	Oct	Nov	Dec	Jan	Feb
	13	6	8	5	1

RSS issued

RSS name	RSS description	Q3 2023/24			Q4 2023/24		
		Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
I-IC-RSS	Immediate Choice RSS (Ill Health Pensioner members up to 30/09/2023)	0	0	0	0	0	0
B-IC-RSS	Immediate Choice RSS (Beneficiary members up to 30/09/2023)	0	0	0	0	0	0
T-IC-RSS	Immediate Choice RSS (Tapered pensioner (Not IH or deceased) members up to 30/09/2023)	0	0	0	0	0	0
U-IC-RSS	Immediate Choice RSS (Unprotected pensioner (Not IH or deceased) members up to 30/09/2023)	0	0	0	0	0	0
P-IC-RSS	Immediate Choice RSS (Protected pensioner (Not IH or deceased) members up to 30/09/2023)	0	0	0	0	0	0
I-DC-RSS	Immediate Deferred Choice RSS (BAU retirements from 01/10/2023)	222	86	106	103	53	0
DC-RSS	Deferred Choice RSS (BAU estimates)	104	47	19	23	0	0
A-DC-RSS	Deferred Choice Actives ABS/RSS (BAU Annual Benefit Statements for Active members)	0	0	0	0	0	0
D-DC-RSS	Deferred Choice Deferreds ABS/RSS (BAU Annual Benefit Statements for Deferred members)	0	0	0	0	0	0
CD-O-RSS	Contingent Decision RSS - Opted Out Service (Contingent Decision Opted Out Service)	0	0	0	0	0	0
CD-H-RSS	Contingent Decision RSS - Honoraria (Contingent Decision Honoraria)	0	0	0	0	0	0
CD-A-RSS	Contingent Decision RSS - Additional Service (Contingent Decision Additional Service)	0	0	0	0	0	0
Total RSS' issued in the month		326	133	125	126	53	0

Contingent Decisions

Responses received from Forces									
Q3 2023/2		3							
Opted Out Service			Additional Service			Honouraria			
Claims received	Claims accepted	Claims rejected	Claims received	Claims accepted	Claims rejected	Claims received	Claims accepted	Claims rejected	
68	3	0	27	1	0	1	1	0	

Reporting to boards



Readiness (numbers)

Tool completed on a monthly basis

No of RSSs issued reported each month

Amount of data supplied in line with timescales requested from administrator

No of Added pension refunds made

Data processes

Remedy data (in line with guidance issued in 2021)

Contributions data for GAD calculator

Ill-health assessment data – how many, status, completed cases

CD data identified (opt-outs and honoraria)

Communications

What are you communicating to members

Bulletin Index – Web updates listed

Web updates

FAQs

- FAQ on Pensions Trap added to website [Bulletin 1](#)
- FAQ on Timing of Payments added to website [Bulletin 1](#)
- FAQ on why Protected members still need to make a choice added to website [Bulletin 2](#)
- FAQ on how interest is calculated amended on website [Bulletin 4](#)
- FAQ on how do I calculate my pensions tax charge added to website [Bulletin 4](#)
- FAQ on how can I pay my pensions tax charge added to website [Bulletin 4](#)
- FAQ on how do I find HMRC guidance added to website [Bulletin 4](#)
- FAQ on Lump sums added to website [Bulletin 5](#)
- FAQ on Unauthorised payments added to website [Bulletin 5](#)
- FAQ on what is tax on interest payment added to website [Bulletin 5](#)
- FAQ on what is the commercial rate of interest added to website [Bulletin 5](#)
- FAQ on what is the Scheme Administration Member Payment added to website [Bulletin 5](#)
- FAQ on interest on arrears of annual pension added to website [Bulletin 5](#)
- FAQ on interest on authorised amount of additional lump sums added to website [Bulletin 5](#)
- FAQ on interest on unauthorised amount of additional lump sums added to website [Bulletin 5](#)

Member remedy documentation

- Member factsheet – ill health retirements added to website [Bulletin 4](#)
- Member factsheet – divorce added to website [Bulletin 4](#)
- Member factsheet – contribution adjustments added to website [Bulletin 4](#)
- Member factsheet – Added Pension Compensatable refunds added to website [Bulletin 5](#)

Page 6 of 7

Bulletin Topic Index

- Member factsheet – Beneficiaries added to website [Bulletin 5](#)
- Member factsheet – Contingent Decisions added to website [Bulletin 5](#)
- Member factsheet – Remedy timeline added to website [Bulletin 5](#)

Website links

- New ability to link to FAQs and videos on website [Bulletin 5](#)

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