

## LGPC Bulletin 201 – August 2020

Local Government Pensions Committee (LGPC)  
Secretary, Lorraine Bennett

### Foreword

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

This bulletin contains important articles on:

- [SF3 returns](#)
- [Review of employer contributions and flexibility on exit payments](#)
- [GAD website survey \(Scotland\)](#)
- [SPPA consultation on amendments to the statutory underpin](#)
- [TPR 2019/20 scheme return](#)
- [Tell Us Once survey](#)

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

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## LGPS England & Wales Scheme Advisory Board (SAB)

### Summary note of Board meeting held on 25 August 2020

SAB met virtually on 25 August 2020, full details of the meeting and agenda papers can be found on [www.lgpsboard.org](http://www.lgpsboard.org). Key highlights include:

#### McCloud

Consultations have been issued by MHCLG and HMT on the remedies for public service pension schemes. SAB will be submitting a technical response to the MHCLG consultation. This will include representations to allow the LGPS regulations to be on the statute book ahead of those of the unfunded public service pension schemes, where the coming into force date is expected to be Spring 2022. LGPS remedy regulations will not have to wait for changes in primary legislation so different timescales should be possible. Getting LGPS McCloud regulations in place sooner will give all parties more opportunity to put processes in place before they come into effect in 2022. The Board also agreed that work should commence on central guidance on how the regulations are to be applied and how individual cases of poor or missing member data should be handled.

#### Cost Cap

Unlike the HMT arrangement, there is no compulsion on SAB to include McCloud costs in their cost management arrangement. However, it was agreed that no decision should be taken until the HMT Direction on how McCloud costs are to be considered has been published. In principle, the Board agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until more details are known.

#### 95K Cap

Regulations for capping public sector exit payments were published on 21 July 2020. The Secretariat will produce a technical response to the MHCLG consultation to ensure that the draft regulations accurately reflect the policy as set out in the consultation document. The consultation response will be circulated to all members of the Cost Management, Benefit Design and Administration committee for comment. The Board agreed that the Chair of the committee should have delegated authority to agree the final version.

#### SAB work on COVID-19 issues

The Board was advised that the majority of administering authorities had responded to the follow up scheme resilience survey and request for mortality data. Publication of the outcome is expected within the next few weeks.

## **Good Governance Project**

Catherine McFadyen (Hymans Robertson) outlined the work the project team has undertaken during the COVID-19 emergency. Draft papers on how the recommendations set out in the Phase II report are to be implemented, will be completed by the end of September 2020. The Board will consider these drafts when it meets on the 2 November 2020. If approved, the Board will then consider the process and timing of implementation.

## **Date of next meeting**

2 November 2020.

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## **LGPS England & Wales**

### **Review of employer contributions and flexibility on exit payments**

On 26 August 2020, MHCLG published a [second partial response to the Local valuation cycle and the management of employer risk consultation](#) that was issued in May 2019.

The response confirms that the LGPS 2013 Regulations will be amended to allow greater flexibility on employer exit payments and the ability to review employer contributions between valuations. The [LGPS \(Amendment\) \(No.2\) Regulations 2020](#) provide for the changes and were laid on 27 August 2020. They come into effect from 23 September 2020. We will provide a full update and update the timeline regulations in due course.

A further response will be made by MHCLG in relation to the other proposals in the consultation (changes to the local fund valuation cycle, interim valuations and the status of further education, sixth form college and higher education corporations in England and Wales) in due course.

### **SF3 returns**

In recent years, MHCLG has been trying to move to the situation whereby the SF3 return is completed using audited data. However, they recognise this year most or all of the returns will be based on provisional data.

MHCLG has asked that you resubmit your data by email if your provisional data is significantly different from the final audited data. This is to ensure that their time series of data is as accurate as possible. Depending on when this is received it may be possible to include it in the main statistical report.

MHCLG aims to publish the usual statistical report on 4 November 2020; therefore, it may not be possible to include audited data received after 25 September 2020.

### **Action for administering authorities**

If your provisional SF3 data is significantly different from the final audited data, please resubmit your data to MHCLG by email.

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## **LGPS Scotland**

### **GAD website survey**

On 19 August 2020, Kimberly Linge from SPPA informed administering authorities that GAD would like to better understand how administering authorities use GAD's factors and guidance notes. To do this they have created a survey to be completed by LGPS administrators and/or the team responsible for preparing the systems that carry out member calculations. The [GAD factors guidance feedback survey](#) is to be completed by 20 September 2020.

The survey is in response to the development GAD is undertaking to create a new website that will hold all the relevant actuarial factors and guidance notes for each scheme. GAD is currently in the initial design stages and they want to get a better understanding from administrators about how they use GAD's factors and guidance notes. The feedback will be incorporated into the design of their website.

GAD is aiming for the website to be launched next year. GAD envisages that moving the process of regular factor updates online, will allow the process to be more consistent and streamlined. This will enable them to provide administrators with a more efficient service.

### **Action for administering authorities**

Please complete the GAD survey by 20 September 2020.

### **SPPA consultation on amendments to the statutory underpin**

On 31 July 2020, SPPA published a consultation on amendments to the statutory underpin. We have added the consultation documents to [the Scheme consultations page](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

The consultation seeks views on proposed changes to the LGPS in Scotland to remove the unlawful age discrimination identified in the McCloud judgment.

In summary, the consultation proposes that:

- members who were active in the 2009 Scheme on 31 March 2012 who joined the 2015 Scheme and who do not have a disqualifying break will be covered

by underpin protection, including members who were not within 10 years of normal pension age on 1 April 2012

- members do not need to have an immediate entitlement to benefits when they leave the Scheme to qualify for underpin protection
- underpin protection will take account of early and late payment actuarial adjustments
- information about the impact of the underpin must be included in annual benefit statements.

Other proposals clarify how the underpin affects the calculation of survivor benefits, transfer values and trivial commutation payments.

The 12-week consultation will close on 23 October 2020. We will be submitting a response which we will share in advance of the closing date.

### **Action for administering authorities**

Please publicise the consultation to your Scheme employers.

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## **HMRC**

### **Pension schemes newsletter 122**

On 31 July 2020, HMRC published [newsletter 122](#). The newsletter covers the following areas:

- the call for evidence on how to address the different outcomes for low earners depending on whether their pension scheme uses the relief at source or the net pay method of tax relief
- updates added on 21 July 2020 to the Managing Pension Schemes service
- the Guaranteed Minimum Pension Equalisation newsletter
- a reminder to issue annual allowance pension saving statements for the 2019/20 year by 6 October 2020
- to ask schemes to remind their members of the need to declare annual allowance excesses on their Self-Assessment tax return
- the statistics on transfers to qualifying recognised overseas pension schemes for the tax year 2019/20

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## **TPO**

### **TPO newsletter**

The Pensions Ombudsman (TPO) issued the ninth edition of '[Pensions Ombudsman News](#)' in August 2020. The newsletter covers:

- an update on the service during the COVID-19 pandemic
  - new chief operating officer
  - new casework structure
  - COVID-19 guidance booklet
  - website project
  - legal forum held on 28 July 2020
- 

## TPR

### 2019/20 Scheme return

The Pensions Regulator (tPR) has advised that the warmup email for the 2019/20 scheme return will be issued in the next couple of weeks. Administering authorities are requested to make sure their contact details with tPR are up to date.

#### **Action for administering authorities**

Please make sure your tPR contact details are up to date.

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## Other news and updates

### Tell Us Once survey

DWP is considering enhancing the Tell Us Once (TUO) service by providing more data in relation to the deceased. The additional data items they are looking to provide are:

- marital status of the deceased
- surviving spouse/civil partner details – name, address, telephone number and NI number, if provided

They are some months away from an IT solution to enable this but want to gather your views to assist with the process and data protection considerations.

DWP have asked that you provide feedback via the [online TUO survey](#). They are interested in whether you think the additional data items would be useful and how they would help to improve the service you provide eg by helping you to streamline processes and enhance the service to loved ones.

**Please complete the survey by 18 September 2020.** It should take no longer than five minutes to complete.

If the proposed changes are made, the Data Sharing Agreement (DSA), that each fund using the TUO service has signed, will need to be amended. DWP have agreed with their legal team that this could be achieved by adding an addendum to the current DSA. The addendum would detail the reasons for collecting the additional data and the use. You would not need to sign a new DSA.

### **LGPS National Knowledge Assessment (NKA)**

In [Bulletin 194](#) (February 2020) we announced that Hymans Robertson had launched their LGPS NKA. This follows their first ever LGPS National Confidence Assessment (NCA) published in 2018. The NKA looks at the knowledge levels of key decision makers both individually and collectively. Key decision makers are Pension Committee (PC) and Pension Board (PB) members.

About 225 members across 20 administering authorities participated in the survey. The results of the NKA were launched at [a webinar](#) on 18 August 2020 and the [National Knowledge Assessment report](#) was published that same day.

Responses from all participants have been collated and analysed. The first set of results shows the average participant score across all eight sections as set out below. The highest scoring section is Financial Markets and Product Knowledge, scoring well above all other areas in the assessment. The lowest scoring sections are Actuarial Methods, Standards and Processes followed by Pensions Administration.

- financial markets and product knowledge (83%)
- committee role and pensions legislation (71%)
- pensions governance (69%)
- investment performance and risk management (68%)
- pensions accounting and audit standards (68%)
- procurement and relationship management (67%)
- pensions administration (59%)
- actuarial methods, standards and practices (53%)

Also included is an analysis of how the NKA compares with the 2018 NCA. The NCA questions were subjective, with members asked to rate their confidence in the subject areas from very confident to not at all confident. There is no direct quantitative comparison between the two surveys, rather it is the gap between levels of knowledge and confidence in each subject area that is most relevant.

The report also includes a helpful list of training topics identified by participants. Top of the list is training on the McCloud remedy.

## **Pensions Dashboards**

In [Bulletin 200](#) we let you know that on 6 July 2020 the Money and Pensions Service (MaPS) had published a [Call for input](#) on the pensions dashboards data standards. Responses will help MaPS to deliver an initial set of data standards. The online survey closed on 31 August 2020.

The LGPC responded to the call for input on 25 August 2020. The response can be found in the Non-scheme consultations page of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org)

## **PASA guidance**

During August 2020 the Pensions Administration Standards Association (PASA) published:

- [follow up COVID-19 guidance](#) designed to highlight best practice for administrators as they navigate their way out of lockdown
  - [GMP equalisation communications guidance](#) - early planning stage.
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## **Wider landscape**

### **DWP publish consultation on addressing climate change risks**

On 26 August 2020, DWP published [a consultation on Taking action on climate risk](#): improving governance and reporting by occupational pension schemes.

The consultation seeks views on policy proposals to require trustees of larger occupational schemes and authorised schemes to address climate change risks and opportunities through effective governance and risk management measures. The consultation closes at 11:45pm on 7 October 2020.

### **Consultation on FPS (Wales)**

On 10 July 2020, the Welsh Government published [a consultation](#) on proposed amendments to the Welsh Firefighters Pension and Compensation Schemes (FPS).

The proposed amendments address the Supreme Court rulings of:

- Walker v Innospec, which has resulted in necessary changes to survivor benefits for civil partners and same sex spouses
- McLaughlin, which has affected the pension entitlements of children of unmarried parents

The consultation also covers proposed unrelated amendments to the 1992 Scheme, the New Firefighters' Pension Scheme (Wales) (the 2007 Scheme), and the Firefighters' Pension Scheme (Wales) 2015 (the 2015 Scheme) in respect of the calculation of split pensions, pension sharing on divorce, special member commutation factors and club transfer value payments.

### **New FPS (England) SAB Chair**

On 17 August 2020, the Home Office announced that Joanne Livingstone has been appointed Chair of the English Firefighters' Pension Scheme (FPS) Scheme Advisory Board. Her appointment will last for four years.

Mrs Livingstone is currently an adviser to the Judicial Pensions Committee which advises the Lord Chief Justice in relation to pension matters. She also serves as the Chair of Trustees for the Liberty Europe Pension Scheme and is a practitioner member of the Actuarial Council. Previously she worked as a scheme actuary and for Pension Wise, acting as a guider in face-to-face meetings about pensions with members of the public.

### **NHS Scheme pays deadline**

Members of the NHS Pension Scheme in England and Wales will have an additional five months to elect for voluntary scheme pays, with the deadline being extended to 31 March 2021. The NHS Business Services Authority has made this decision due to COVID-19. The period had already been extended by three months to 31 October.

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## **Legislation**

### **Statutory Instruments**

[The Local Government Pension Scheme \(Amendment\) \(No.2\) Regulations 2020](#) [SI 2020/893]

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## **Useful links**

[LGA Pensions page](#)

[LGPS member website \(England and Wales\)](#)

[LGPS member website \(Scotland 2015\)](#)

[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.

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## **LGPS pensions section contact details**

If you have a technical query, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and one of the team's LGPS pension advisers will get back to you.

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