

LGPC Bulletin 202 – September 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:

- [Revised GAD guidance](#)
- [Consultation on the reform of exit payments in local government](#)
- [Webinar on exit payment reforms](#)
- [Transfer GAD guidance \(Scotland\)](#)
- [Revised factors for AVC added pension \(Scotland\)](#)
- [Revised interfund guidance \(Scotland\)](#)
- [APC calculator moved to \[www.lgpsmember.org\]\(http://www.lgpsmember.org\) \(Scotland\)](#)

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board (SAB)

The Chair responds to TPR’s funding code consultation

On 28 August 2020, the Chair wrote [a letter to the Pensions Regulator \(TPR\)](#) in response to their funding code consultation. This follows on from [the letter](#) the Chair wrote in July to the Local Government Minister raising concerns about clause 123 of [the Pension Schemes Bill 2019-21](#).

Though clause 123 will not apply to the LGPS, the Board has expressed concern in the letters that the measures could, nonetheless, have unintended consequences for the Scheme.

Clause 123 of the Bill provides for amendments to the statutory framework for defined benefit pension scheme funding set out in part 3 of the Pensions Act 2004. The Bill has passed through the House of Lords and will shortly receive its Second Reading in the House of Commons. Guy Opperman, Minister for Pensions and Financial Inclusion, has confirmed that he expects the Bill to become law by the end of the year.

[TPR is consulting on revisions to the DB funding code](#), one of the aims of which is to implement clause 123. The consultation will run in two parts. The first part closed on 2 September 2020. The second part is expected to be launched later this year.

Draft McCloud response published

On 28 September 2020, the SAB published [a draft version of its response to the McCloud consultation](#).

The response has been cleared by the McCloud policy group. The document has been circulated to the full Board for any comments by the end of this week.

You are welcome to use the content to help with your own responses.

The LGPC will not be submitting a separate response.

The MHCLG McCloud consultation closes on 8 October 2020.

LGPS England & Wales

Guidance to support the new employer exit flexibilities

To implement the new employer flexibilities under regulation 58 (Funding Strategy Statements), work is underway on two sets of guidance.

Firstly, MHCLG is preparing statutory guidance as a stand-alone addendum to the existing funding strategy statement guidance. The guidance will be high level and will cover what should be covered by policies in each area. We understand they plan to consult with a limited group of stakeholders in October.

Secondly, the Scheme Advisory Board is preparing a Guide to Employer Flexibilities. This will be in the form of a Q and A and will aim to be a helpful informative 'what you could do in these areas guide' that will over time be populated by examples. This will also go out to consultation and will ideally tie in with the MHCLG statutory guidance consultation.

With effect from 23 September 2020, the [Local Government Pension Scheme \(Amendment\) \(No.2\) Regulations 2020](#) introduced increased flexibility when dealing with exiting employers and the ability to review employer contributions between valuations. The [Timeline regulations](#) on www.lgpsregs.org have been updated to reflect the changes made to the LGPS Regulations 2013.

GAD survey

On 12 September 2020, Lorraine Bennett sent an email to administering authorities asking them to complete a survey from the Government Actuary's Department(GAD) by 20 September 2020.

The results from the survey will help GAD better understand how administering authorities use GAD's factors and guidance notes, which will inform their work on creating a new website.

The new website is expected to launch next year. The website will hold the relevant documents for each scheme. 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.

Revised GAD guidance

On 21 September 2020, Steven Moseley emailed administering authorities and software suppliers alerting them to revised versions of the following GAD guidance, alongside a covering letter from MHCLG:

- Application of a pension debit for divorced members – Transfer date from 1 April 2014
- Application of a pension debit for divorced members – Transfer date before 1 April 2014
- Pension sharing following divorce
- Individual incoming & outgoing transfers
- Trivial commutation.

To accompany the revised guidance, MHCLG has also issued a new version of the factor spreadsheet.

The covering letter from MHCLG summarises the main changes and confirms that the revised guidance and spreadsheet come into force on 1 November 2020. It also sets out the transitional arrangements and recommends that you consider how to communicate the changes to members transferring benefits in or out of the Scheme. MHCLG recommend that you ensure members are made aware of how the timing of any decision may affect their benefits.

We have set out our understanding of the transitional arrangements in a document called 'Transitional measures'.

The revised guidance, factor spreadsheet, covering letter and transitional measures document are available on [the actuarial guidance page](#) of www.lgpsregs.org.

Action for administering authorities

To ensure that the revised guidance is implemented.

GAD request for valuation data

GAD have now completed their engagement over 2019 data with administering authorities and local fund actuaries and are grateful for all the feedback received and insights shared.

They will shortly be sending their request for 2020 data to pension managers. As well as asking for data under the usual Universal Data Extract specification, the request will include a brief questionnaire. This will give administering authorities a straightforward opportunity to provide some of the sort of supporting data details usually shared with their actuary ahead of a fund valuation.

GAD don't expect the questionnaire to be onerous to complete. However, they will be stretching the timeframe for returning data to the middle of November. GAD will be using the same secure online data transfer system as for the 2019 data collection process in October and November last year.

Consultation on the reform of exit payments in local government

On 7 September 2020, MHCLG launched a consultation on changes to the LGPS and compensation regulations to introduce the £95k cap and bring the exit compensation terms for local government workers in line with the framework set out by the Government in September 2016.

On 29 September 2020, MHCLG issued draft strain cost guidance and an impact assessment to provide further clarity about the effects of the proposals. Please send any comments, queries or observations you may have on either of these documents to the [pensions team at MHCLG](#).

As part of the proposals, certain members aged 55 and over receiving statutory redundancy payments will lose the right to receive unreduced pensions where a pension strain is payable.

On 14 September 2020, the Scheme Advisory Board updated its [summary of public sector exit payments](#), taking into account the proposals in the consultation.

We have added the consultation document, draft strain cost guidance and impact assessment to [the Scheme consultations page](#) of www.lgpsregs.org.

The consultation closes on 9 November 2020.

Action for administering authorities

Please share the details of this consultation with your scheme employers.

Webinar on exit payment reforms

Alongside our colleagues in the Workforce Team, we hosted a webinar on 23 September 2020 covering how the £95k cap and MHCLG's further reform proposals (see previous article) will affect employees of local authorities eligible for the LGPS.

The [slides and video recording](#) are available from the LGPS events page.

We intend to host a further webinar on 13 October, covering the impact on LGPS employers beyond local authorities. We will provide more information and joining instructions through the normal channels in due course.

Action for administering authorities

Please share the link with your local authority employers.

The House of Lords approves exit payment regulations

The House of Lords has [approved the draft Restriction of Public Sector Exit Payments Regulations 2020](#) on 23 September 2020.

[The draft Restriction of Public Sector Exit Payments Regulations](#) will implement the £95k cap on exit payments.

The Government may only make the regulations after both houses of Parliament have each passed a motion approving the regulations. The regulations come into force on the 21st day after the day on which the regulations are made.

The House of Commons will vote on whether to approve the regulations on 30 September 2020.

We are seeking urgent clarification from Government on the two matters below:

- The position for exits agreed before the legislation takes effect but where the date of leaving is after
- The position if the HM Treasury regulations come into effect before MHCLG can introduce the necessary changes to the LGPS regulations to accommodate it.

We will continue to press Government for answers and will update all administering authorities as soon as we have any news.

Exit payment reform communications

We will work with the national Communications Working Group to produce standard communications for both employers and members in the coming weeks. However, we need further clarification from Government (see article above) before we can do this, as well as the awaited:

- HM Treasury Directions and guidance for the £95k cap
- The draft regulations to accompany MHCLG's consultation on reforming local government exit pay.

We will keep you updated via the usual channels.

LGPS Scotland

Transfer GAD guidance

On 8 September 2020, SPPA published updated transfer GAD guidance dated 14 August 2020. The guidance comes into effect on 1 November 2020.

In the main, the guidance is updated to incorporate recent factor changes. However, it also makes changes to:

- non-Club transfers and divorce calculations to allow for full indexation of GMP being provided by the Scheme for all members reaching State Pension age after 5 April 2016
- the assumed partner benefits to be included in transfer out calculations
- guidance regarding interpolating factors for members with a non-integer normal pension age.

The updated guidance and factor workbook can be found in the [Actuarial guidance page](#) of [the website for LGPS employers and pension funds in Scotland](#).

Action for administering authorities

To ensure that the revised guidance is implemented.

Revised factors for AVC added pension

On 24 September 2020, SPPA highlighted to administering authorities that the previously issued factor spreadsheet included new factors to work out added pension bought with AVCs.

We have added the updated factors to the [Actuarial guidance page](#) of [the website for LGPS employers and pension funds in Scotland](#).

Action for administering authorities

To ensure that the revised guidance is implemented.

Revised interfund guidance

On 25 September 2020, SPPA issued revised GAD guidance on interfund transfers.

The revised guidance is updated to set out what relevant date to use in interfund calculations. It also confirms that interfund out payments should be calculated using non-Club factors/guidance.

SPPA have confirmed that the guidance came into force from 25 September 2020.

We have added the revised guidance to the [Actuarial guidance page](#) of [the website for LGPS employers and pension funds in Scotland](#).

Action for administering authorities

To ensure that the revised guidance is implemented.

APC calculator moved to www.lgpsmember.org

Lorraine Bennett recently emailed administering authorities letting them know that we have moved the APC calculator to www.lgpsmember.org, in readiness for the closure of www.scotlgps2015.org/

The link to the calculator is now <https://www.lgpsmember.org/scotlgps2015/apc/>

In the email, we suggested that you can either use the url to link to the calculator from your website or embed it in your own site using an iframe. An iframe allows you to display a secondary webpage on your main page; however, they are often not accessible for screen readers so you may wish to avoid using them.

We are due to start the procurement process for a completely new member website next month.

Action for administering authorities

Update any signposts to the APC calculator accordingly.

HMRC

Pension schemes newsletter 123

On 28 August 2020, HMRC published [newsletter 123](#). The newsletter covers the following areas:

- an update on migrating schemes to the Managing pension schemes service (including information for scheme administrators / practitioners with multiple IDs)
- a notice that HMRC have begun writing to administrators who have payments / charges unallocated, asking for more information
- a reminder to issue annual allowance statements for the 2019/20 year by 6 October 2020.

Pension schemes newsletter 124

On 29 September 2020, HMRC published [newsletter 124](#). The newsletter covers the following areas:

- an extension to 31 March 2021 to the temporary changes introduced to some pension processes (for example, reporting transfers to overseas schemes, AFT reporting and payment) to help administrators during the COVID-19 pandemic

- an update on whether the protected pension age easement will be extended beyond 1 November 2020
 - a reminder that the call for evidence on pensions tax relief administration closes on 13 October 2020
 - a request for administrators who have been provided with an SF reference number but who do not have access to the Pensions Schemes Online service (so does not have a PSTR number) to contact HMRC
 - a reminder for administrators and practitioners who have not signed onto the Pension Schemes Online service, the Managing Pension Schemes service or other tax services for a while to log into their account as soon as possible as work to delete credentials of users who have not signed in for three years will begin in October 2020.
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TPO

Ombudsman awards investment loss due to delayed transfer

The Pension Ombudsman has awarded compensation (amounting to over £40,000) for loss of investment due to an undue and avoidable delay in paying a transfer.

In 2018, the Pension Ombudsman ruled that the administrators of the Tenco Scheme were guilty of maladministration. The member was awarded £2,000 for distress and inconvenience. The Ombudsman, though, decided that they could not award compensation for loss of investment as such losses were not deemed reasonably foreseeable or measurable.

Mr T successfully claimed to the High Court that the loss could be reasonably foreseeable and measurable. The High Court remitted the case back to the Pension Ombudsman, who then recently [determined](#) that the administrators should pay into Mr T's new plan £43,700 plus interest for investment losses. This was based on identifying the date on which the funds would have arrived but for the delay and Mr T proving, on the balance of probabilities, what he would then have done.

The case will act as a likely steer as to how the Ombudsman will decide future cases where the person claims investment losses due to delays.

TPR

Update on the single Code of Practice

On 1 September 2020, TPR confirmed that it now intends to launch the formal consultation on a single Code of Practice in late 2020 or early 2021.

TPR provides 15 codes of practice, covering topics such as early leavers, internal controls and governance and administration of public service pension schemes.

In July 2019, [TPR published a statement on its website](#) confirming that it planned to review and combine the content of the 15 codes to form a single, shorter code. The statement originally set out plans to launch a consultation later in 2019.

Other news and updates

Public sector website accessibility

Existing websites of public sector bodies that were published before 23 September 2018 must comply with the [Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) from 23 September 2020.

Websites published or substantially changed on or after 23 September 2018 must have complied since 23 September 2019. Mobile apps must comply from 23 June 2021.

We provided information about the regulations in [Bulletin 190](#).

Regulation 8 requires public sector bodies to publish an accessibility statement and keep that statement under regular review. The Government has published [a sample accessibility statement \(for a fictional public sector website\)](#) on www.gov.uk.

If you plan to publish PDF versions of any of our scheme guides and factsheets, you may need to take additional steps to ensure that they are compliant. You can find more information online about:

- How to [Create accessible PDFs](#)
- [Creating accessible PDFs in Adobe Acrobat](#).

You may need to take extra steps to [tag tables correctly](#)

Pensions dashboards

On 2 September 2020, Richard Smith, Head of Industry Liaison on the Pensions Dashboards Programme (PDP), via [a blog on PDP's website](#), confirmed that the PDP is reviewing the responses received to the [Call for Input on data standards](#) and will give a summary in the autumn. The PDP also aims to publish an initial version of the data standards for pensions dashboards at the end of the year. Richard shared some further thoughts on what they have learnt so far, without pre-judging the outcome of the Call for Input.

The PDP ran a [Call for Input on pensions dashboards data standards](#) between 6 July 2020 and 31 August 2020. The LGPC responded on 25 August 2020. The response can be found in the Non-scheme consultations page of www.lgpsregs.org and www.scotlgpsregs.org

Government confirms intention to increase minimum pension age

In [an answer to a parliamentary question](#) on 3 September 2020, the Government confirmed that it still plans to increase the minimum pension age from 55 to 57 in 2028 and will legislate in due course.

The Government confirmed in 2014 in [its response to the consultation 'Freedom and choice in pensions'](#) that it intends to increase the minimum age from 55 to 57 in 2028 and that the change will apply to all schemes, aside from those in the public sector that do not link their normal pension age to State Pension age, namely Firefighters, Police and the Armed Forces.

Tell Us Once (TUO) – replacement tokens

In bulletin 196 we reported that DWP had put the planned token replacement exercise on hold due to the COVID-19 pandemic. They have since advised that the exercise has recommenced. Existing tokens remain operational until DWP contact you.

Our contact at DWP has asked us to remind you again that it is important that all users access the TUO notification service at least once a month to prevent deactivation of your account. It is enough to log into the first screen to keep an account active.

Training

Fundamentals

Our usual Fundamentals events cannot go ahead this year, so we are running three, hour long Zoom webinars on governance and investment issues in the LGPS.

On 6 October 2020 (day one) at 11am, Gary Delderfield from Eversheds Sutherland will be presenting on the legal structure of the LGPS.

On 7 October 2020 (day two) at 10am, Stephen Lee from Ninety One will cover the investment framework of the LGPS.

On 8 October 2020 (day three) at 10am, Annemarie van Bochove Allen from Barnett Waddingham will cover governance and oversight.

These events are free and can be booked through the [LGA events page](#) or by using the links below:

- [day one booking form](#)
- [day two booking form](#)
- [day three booking form](#)

Employer Role training

We have been running virtual Employer Role training since March. Due to the high demand, we have added three additional dates.

You can book these through the LGA events page or by using the links below:

- [booking page for 4 November 2020](#)
- [booking page for 10 November 2020](#)
- [booking page for 12 November 2020](#)

These workshops are aimed primarily at staff working for Scheme employers in England and Wales who have operational responsibilities under the Local Government Pension Scheme (LGPS). Delegates do not necessarily need a thorough working knowledge of the LGPS, but some experience of the Scheme and its provisions would be useful. The cost for attending is £270 plus VAT. Please note that these courses are restricted to 15 delegates at each course and places will be awarded on a first come, first serve basis.

Wider landscape

Police pension rules challenged in court

The rules in the 1987 Police Pension Scheme in England and Wales, which deprive a survivor of their pension if they subsequently form a new relationship, have been challenged in the High Court.

Regulation C9 of the Police Pensions Regulations 1987 says that a survivor pension stops if the survivor subsequently marries, forms a civil partnership or cohabits. This, though, does not apply if the new relationship begins on or after 1 April 2015 and the member died as a result of injury on duty.

Court of Appeal dismisses State Pension age appeal

On 15 September 2020, the Court of Appeal dismissed the claim brought by two women against increases to their State Pension age.

The women claimed that the increase in the State Pension age affecting women born in the 1950s was discriminatory and government did not give adequate notice of the changes.

The women's claim was originally dismissed by the High Court in October 2019, which we covered in [Bulletin 190](#).

Call for evidence launched to review the alternative quality requirements test

On 22 September 2020, the Department for Work and Pensions launched [a call for evidence on how the alternative quality requirement test is working in practice](#).

The alternative quality requirement test is a test by which a scheme being used for automatic enrolment can be assessed to see whether it meets minimum standards.

The test was introduced by the Pensions Act 2014 to reflect the fact that the previous standard for assessing defined benefit schemes (the reference scheme test via which schemes could contract out of the State Second Pension) would be abolished from April 2016 onwards.

The Government was required to review the alternative quality requirement test in 2017 and then every three years thereafter. We covered the 2017 review in [Bulletin 160](#).

The LGPS has been assessed by the Government Actuary's Department as meeting the alternative quality requirement test. The certificate for England and Wales is available in [the Employer resources section](#) of www.lgpsregs.org. The certificate for Scotland is available in [the Employer resources section](#) of www.scotregs.org.

The call for evidence closes on 21 October 2020.

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.

LGPS pensions section 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

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