

Local Government Pensions Committee Technical Group
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Minutes of the meeting held on 13 June 2014 at the offices of PricewaterhouseCoopers, One Embankment Place, London WC2N 6RH
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Present

M Hopwood (Chairman)	North East
B Claxton	London
R Smyth	London
C Haywood	East Midlands
I Howe	East Midlands
A Hyde	Shrewsbury
J Caiazzo	Shrewsbury
J Smith	South East
A Piper	South East
Z Kee	Northern Ireland
T O'Connor	South West
L Miller	South Wales
K Gerard	South Wales
C Carruthers	Scotland
D Goodwin	Secretary
P Baker	Southern
C Lewis-Smith	Southern

In Attendance

P Kateley	Heywood Limited
D Friend	Civica
D Kanaris	AON Hewitt Limited
D Beedall	Capita
A Allen	Barnett Waddingham
N Thomas	Mercers
I Colvin	Hymans Robertson
C Martin	Environment Agency
J Davies	PricewaterhouseCoopers

LGA

T Edwards
J Houston

DCLG

L Jones

1. Apologies

Apologies were received from the following:-

A Cheffey	South West
G Chapman	North East

The Chairman welcomed Amanda Hyde to her first meeting. She will be replacing Ian Colvin as a Shrewsbury group representative.

2. Presentation from DWP regarding the tell us once trial conducted with another public sector pension scheme

Maureen Thompson and Emma Groom gave a very interesting overview of the Tell Us Once facility and how it could possibly be of benefit to the LGPS.

In brief terms it allows members of the public when they register a death, to also notify a number of other government departments. It can be done when the death is registered or alternatively by phone or online. As a result of this trial it has been ascertained that this system has helped reduce potential overpayments and has been welcomed by the people who have been able to use it.

The DWP want to progress this to include other public sector schemes such as the LGPS. They do have a working group which includes a member of the LGA who has been able to explain the difficulties that would need to be addressed. The group felt it was a very good idea and it was agreed that the LGA would look at ways in which it can be progressed. The LGA will work with DWP to investigate a proposal that the LGPC should hold a database of NI numbers from all LGPS Funds (updated, say, monthly) which would:

- a) compare daily data sent to the LGPC Secretariat via the Tell Us Once facility and notify administering authorities of the death of any pensioner in their Fund (where the person notifying the Registrar of Births, Deaths and Marriages had agreed to use the TUO facility)
- b) if the deceased in (a) was a member of more than one Fund, notify each Fund of that fact to avoid double death grants being incorrectly paid
- c) if there is an ongoing final salary link for members who retain separate benefits, notify the respective administering authorities where there is a match on an NI number in more than one Fund.

A copy of the scheme presentation is attached to these minutes for information.

8a. Active data sharing portal for Local Government Pension Scheme.

This item was brought forward to follow item 2 as it was of a similar nature.

In this case the website is www.findmylostpension.com and is a register of active and deferred members of pension schemes that allows the scheme to find and keep track of deferred members who have changed address and notify their active members of any other pensions they hold. Some funds have signed up to it but the charge is around £2000. The group felt that it would only be of benefit if all authorities signed up for it. It was also felt that the proposals set out above relating to the Tell Us Once facility would be better as this would potentially cover all authorities.

It was agreed that the LGPC should work with DWP to investigate a proposal that the LGPC should hold a database of NI numbers from all LGPS funds (updated, say, monthly) which would fulfil the requirements of the Tell Us Once facility and also fulfil the needs of funds to share data about deferred members.

3. **LGPC update** **LGPC Update – June 2014**

LGPS 2014

Additional Pension Contributions (APC) Calculator

On 2 May 2014 the LGPC secretariat released the Additional Pension Contributions (APC) calculator on the LGPS 2014 website. An updated version was released on the 19 May 2014, based on various items of feedback received from funds.

The next phase of the APC calculator will be made available on the new member website due for release in summer 2014. This will incorporate changes based on further feedback received over the coming weeks and will include a quick quote facility which will avoid the need for the member to input personal details before obtaining a quotation.

The PHP code for the APC calculator is freely available for funds to download from the LGPS regulations website (www.lgpsregs.org) if they wish to place the APC calculator onto their own website. This also provides the opportunity to amend the code to fit with their own specific requirements but the LGPC secretariat will not be able to provide support for this code once amended.

Timeline Regulations 2014

The LGPS scheme regulations for the 2014 scheme have been brought fully up to date on the LGPS regulations website (www.lgpsregs.org) to include the latest amending Statutory Instruments i.e.

- the Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014 [SI 2014/44],
- The Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014 [SI 2014/863]
- The Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority Order 2014 [SI 2014/865]
- The Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014 [SI 2014/1012]
- The Local Government Pension Scheme (Offender Management) (Amendment) Regulations 2014 [SI 2014/1146]

The Timeline Regulations for LGPS Regulations 2013 are now set up to allow users to view:

Current timeline regulations

This is a clean version of the latest LGPS Regulations 2013 including changes made through amending Statutory Instruments (SI).

Amendments (by SI)

A list of the amendments made to the LGPS Regulations 2013 in the order of the SI which introduced the changes.

Amendments (by regulation)

A list of the amendments made to the LGPS Regulations 2013 in regulation order.

Effective versions

Ability to look at the set of regulations that were effective at any point in time since the LGPS Regulations 2013 first came into force on 1 April 2014.

The original timeline regulations website (<http://timeline.lge.gov.uk>) will continue to retain all scheme regulations, Government Actuary's Department (GAD) guidance as well as other relevant statutory instruments for the LGPS in England and Wales up to 31 March 2014 (including any changes to the pre 1 April 2014 Regulations that are promulgated after 31 March 2014). In addition the website will continue to be updated for LGPS Scotland scheme regulations and guidance given that scheme reform does not take place for that scheme until April 2015.

HR and Administration Guides

In May 2014 updates were made to the following guides:

- 85 year rule - version 1.5 (27 May 2014)
- Additional Pension Contributions Guidance - version 1.1 (2 May 2014)
- Annual Benefit Statements - version 1.7 (22 May 2014)
- Practitioners Guide - version 2.1 (15 May 2014)
- Survivors Benefits - version 1.2 (15 May 2014)
- HR Guide - version 3.1 (15 May 2014)

In June 2014 updates were made to the following guides:

- Additional Pension Contributions Guidance - version 1.2 (6 June 2014)
- v1.3 of the underpin paper, v 1.6 of the 85 year rule paper and v 2.2 of the Practitioners' guide (6 June 2014) to reflect a change in the method of apportioning the underpin amount between Part B2, Part C and Part D2 membership for the purposes of the 85 year rule.
- v3.2 of the HR Guide (6 June 2014) and v3.1 of the Payroll Guide (6 June 2014) to clarify that a member with a pre-14 AVC contract under which the member had elected to pay, say, 10% in AVCs should have 10% of their pre-14 definition of pensionable pay collected each pay period (not 10% of their post -14 definition of pensionable pay, even though this would be less than 50% of their pre-14 definition of pensionable pay).

These updated guides are available from the LGPS regulations website.

Employee Guides

In May 2014 updates were made to the full and brief guides for employees in England and Wales. The latest versions (full guide version 1.5 and brief guide version 1.2) were released on 30 May 2014 and are available from the employee guides section of the LGPS regulations website (www.lgpsregs.org).

In June 2014 updates were made to the full and brief guides for employees in Scotland and to the introductory leaflet and full guide for Councillors in England and Wales.

The latest versions are available from the guides section of the LGA website at, respectively, <http://www.local.gov.uk/web/lgaworkforcepensions/employees-in-scotland> and <http://www.local.gov.uk/web/lgaworkforcepensions/eligible-councillors-in-england-and-wales>.

Updated guides for councillors in Scotland will be issued shortly.

Aggregation

An aggregation paper has been sent to HM Treasury setting out all the complications that arise if a member who does not aggregate LGPS membership retains an ongoing final salary link (where there has not been a continuous break in active membership of a public service pension scheme of more than 5 years). The paper asks HMT to confirm whether or not there is an ongoing final salary link and, if there is, how the many issues identified in the paper should be dealt with.

Once a response has been received the LGPC Secretariat will confirm the position to administering authorities and will also prepare a leaflet for scheme members covering the matters they will need to consider when deciding whether or not to aggregate.

AVCs

Version 6 of the AVC paper has been sent to DCLG with a request for clarification of what constitutes an existing (pre-14) AVC contract. Version 7 of the paper has been prepared and has been issued to administering authorities in England and Wales and placed on the administration guides page on the www.lgpsregs.org website.

Shadow Scheme Advisory Board

Consultation - LGPS: Opportunities for collaboration, cost savings and efficiencies

The Department for Communities and Local Government (DCLG) issued a consultation entitled 'Local Government Pension Scheme: Opportunities for collaboration, cost savings and efficiencies' on the 2 May 2014. The consultation is available from the Government's website and runs until 11 July 2014. The LGPC is in the process of drafting a response which will be shared with administering authorities.

Investment Data Survey - Update

Bulletin 114 included details of a recently released investment data survey. Following various comments received from funds some modifications were required to the original survey. A revised investments survey with accompanying guidance notes was therefore issued to funds on the 23 May 2014.

For those funds who had responded to the original survey, they are not required to return this amended version. Checks will be made to ensure the original responses contain all the data requested and should anything further be required a member of the Shadow Board secretariat will be in contact.

For all funds yet to respond, the Shadow Board would welcome all completed surveys by Monday 30 June 2014.

Responses should be sent to Con Hargrave (cornelius.hargrave@local.gov.uk) and Liam Robson (liam.robson@local.gov.uk).

Ill health retirement provisions

The Administration and Communications sub-committee has prepared a paper which was considered by the Shadow Scheme Advisory Board on 9 June 2014. The paper set out a range of options for changes to the ill health arrangements under the LGPS in England and Wales (including the pros and cons of each option). The Board has asked the sub-committee to undertake further work to narrow the options down and report back to the Board.

Pensions Act 2014

Pensions Act 2014 receives Royal Assent

On 14 May 2014 the Pensions Bill 2013/14 received Royal Assent becoming the Pensions Act 2014. The Act legislates for a fundamental change to the provision of state pension in the UK alongside a number of significant changes for private pensions.

The changes to the State Pension herald the abolition of contracting out for Defined Benefit (DB) schemes from April 2016. Contracting out for Defined Contribution (DC) schemes has already ceased. The Act gives powers to private sector DB occupational schemes to make amendments to those schemes to offset the loss of the National Insurance rebate when contracting out ends. The same powers have not been extended to public service pension schemes (including the LGPS).

The LGA lobbied during the passage of the Act for the monies lost by LGPS employers through the ending of contracting out to be recycled into LGPS funds. Without committing that such recycling would occur, the Chief Secretary of the Treasury wrote to the LGA to confirm that officials could meet to discuss how this could practically be achieved. The LGA have now contacted DCLG with a view to arranging an initial meeting and work will be undertaken in the

coming months to establish an agreed method by which recycling could take place.

The draft regulations from DWP appear to say that schemes will still be responsible for paying the first 3% on the post 88 GMP (and no increase on pre 88 GMPs). However, they are silent on what should happen in AP less than GMP cases (and during the period between GMP age – 60 for women / 65 for men – and SPA where this is later than the GMP age). That is because it is not a legislative issue but a question of what, if anything, HM Treasury put in a Directions Order. The annual Pension Increase (Review) Orders state that:

- a) before applying PI to a pension in payment the pension shall be reduced by the amount of GMP in accordance with section 59A of the Social Security Pensions Act 1975, **unless Treasury direct otherwise**, and
- b) before applying PI to a widow's or widower's pension in payment the pension shall be reduced by the amount of GMP in accordance with section 59(5ZA) of the Social Security Pensions Act 1975.

There appears to be nothing in the draft amendment regulations that affects the operation of sections 59A or 59(5ZA) of the Social Security Pensions Act 1975. That means there will, post 2016, continue to be no increase on the pre 88 GMP or above 3% on the post 88 GMP **unless** the Treasury direct otherwise. It is the Treasury Direction that, therefore, is key. If HM Treasury issue a direction saying that LGPS Funds must fully increase pensions where the AP is less than the GMP (including during the period between GMP age – 60 for women / 65 for men – and SPA where this is later than the GMP age), then it would appear that Funds would have to fully inflation proof all pensions (as AP will, from 2016, be less than the GMP in all cases – because there will be no AP). This would be a huge additional cost for the LGPS and employers participating in it. If, however, HM Treasury remove the current Direction and do not issue a new one requiring Funds to fully increase pensions where the AP is less than the GMP, then a few people who under the current system receive an increase on their pre 88 GMP and inflation above 3% on their post 88 GMP (because their AP is less than their GMP) would not receive such an increase beyond 2016 (representing a small saving to Funds). Many of those would, presumably, still be 'better-off' overall because of the single tier state pension. The net result of all of this is that the key to whether there will be a slight saving for Funds or a massive increase in costs all hinges on what Treasury do in relation to any Directions Order. The LGPS Secretariat has raised this with DCLG.

Other than that and the need to use a self-service system for dealing with GMPs, everything else about GMPs and section 9(2B) rights stays the same (except there will be no new section 9(2B) rights accruing after April 2016). Funds will, for example, still have to pay CEPs, still have to deal with anti-franking, still not be able to forfeit GMP rights (other than due to treason, etc), still have to provide a minimum pension equal to the GMP, etc. etc. etc.

The Act also legislates for the acceleration of SPA from age 66 to 67 for both men and women between 6 April 2026 and 5 April 2028. This was originally

announced as part of the Autumn Statement 2011 and the Pensions Act 2014 mean that this change is now contained within schedule 4 of the Pensions Act 1995. The Act also provides for regular review of the SPA at least once every 6 years.

OTHER

Freedom and choice in pensions - Consultation on the pension reforms announced in the 2014 Budget

The LGA has responded to the above consultation document. The response can be viewed on the www.lgpsregs.org website under the heading LGA / LGPC responses to consultations at <http://www.lgpsregs.org/index.php/regs-legislation/drafts-and-consultations>.

Trivial commutation

A paper on trivial commutation has been prepared and issued to all Pension managers and Client Managers. It is available on the administration guides page at www.lgpsregs.org and on the Technical Guides page at <http://www.local.gov.uk/web/workforcelibrary/technical-guides>.

Strikes

The LGPC Secretariat has been asked to prepare a Circular covering the pension implications of the potential forthcoming strikes (to include information for scheme members).

Probation transfer

DCLG issued (on 1st June 2014) the GAD guidance on the calculation of the transfer of assets between Funds.

This has been added to the DCLG statutory guidance page on the www.lgpsregs.org website at <http://www.lgpsregs.org/index.php/dclg-publications/dclg-stat-guidance>

Local Pension Boards and Scheme Advisory Board Regulations
DCLG will shortly be issuing a consultation on the draft LGPS (Amendment) Regulations 2014 concerning the establishment and operation of Local Pension Boards and the Scheme Advisory Board.

Councillors' pensions

The LGA is to continue to make the case for allowing councillors to have access to the LGPS in England and Wales. Other options that could potentially be taken forward are being considered by the LGA including the LGA making arrangements for a scheme for councillors.

Fire

The LGA has written to all Fire Authorities (on 23rd May 2014) seeking support for the appointment of a technical officer in the LGA to cover FPS matters.

Officer Advisory Group of the LGPC

The LGPC agreed on 9 June 2014 that, consequent upon the winding up of the separate LGPC Officer Advisory Group, officers should attend the LGPC meetings in an advisory capacity. The Technical Group will nominate 3 officers (including one from Wales), NILGOSC will nominate one representative for Northern Ireland, and COSLA or SPLG or the Technical Group will nominate one representative for Scotland.

Circulars

Circular 281 was issued in May 2014 and includes information on:

- LGPS Trustee Training 'Fundamentals XIII'

The annual 'Fundamentals' courses will run from October to December over three separate days in three separate locations (Cardiff, Leeds and London). The course is designed to provide an insight into LGPS 'trusteeship' and attendance at all three days satisfies at least the minimum training required to satisfy the first six CIPFA principles and also chime with CIPFA's Knowledge and Skills framework.

- Annual LGPS Trustees Conference

The 11th Annual Conference is being held at the Marriott Highcliff Hotel in Bournemouth on Thursday 19 and Friday 20 June 2014.

- Employer Training - Auto- Enrolment and the LGPS

Spaces remain available for the above training events being held during June and July 2014. The workshops will concentrate on explaining auto-enrolment duties but also takes the opportunity to look at other employer responsibilities in the new LGPS 2014. Please share this information with your medium and small employers who will be staging over the coming months. For information on the cost and booking information for each of the above events please read Circular 281.

Following Terry's LGPC update it was agreed that the nominated members of the Technical Group for attendance at LGPC meetings should be Bob Claxton, Kevin Gerard and Janet Caiazzo.

4. Update on aggregation paper

Terry explained that a copy of the aggregation paper that he had produced had been sent to Treasury but to date no response has been received. Lynda confirmed that it is with her to look at. Once a response is received the next stage will be an aggregation paper for employees.

5. Update on AVC protections

The paper on AVC protections has been to DCLG several times. The current version which was circulated with the agenda is version 7 (which includes a

further breakdown of a number of the categories in order to show whether or not benefits have to be transferred). Terry felt it would be helpful if DCLG could confirm whether or not the views given in the paper were correct. The group felt it was an excellent paper and did not feel it needed a response from DCLG.

6. Election to use AVCs prior to 13 November 2001

The group agreed that there is still the choice of purchasing additional membership or receiving additional pension in these cases.

7. Trivial commutation paper – consideration for clarity and accuracy

The group agreed that this was another excellent paper and very comprehensive and had no comments to offer.

8. Perspective Pensions Legislation Service – a proposal

Terry has been trying to negotiate a deal for funds to take advantage of this service which members of the group who had access to it said it was extremely useful. Terry had negotiated a cost of £6,750.00 plus VAT (the original cost had been £13,500 and for the private sector £26,500). This figure would only be accepted if all authorities signed up. If there was agreement by Funds, the LGPC would arrange the deal centrally and add the cost to the LGPC subscription. Once acquired, Perspective would be available to other members of the Authority e.g. Lawyers. On a show of hands it was agreed that it might be acceptable if a price of £2000 could be negotiated.

9. Nomination of Technical Group representative for the Administration and Communication Sub-Committee

Ian Colvin, the previous representative, gave an overview of how the group functions and what their remit is, and explained that meetings occurred 3-4 times a year. Craig Martin from the Environment Agency volunteered and was accepted.

10. Minutes of the last meeting

These were accepted as a correct record.

11. Matters arising

Page 4 – Club Transfers (CARE benefits into Club Schemes)

The question asked was whether this had progressed but it was confirmed that it was still ongoing.

12. Any other business

Chris Haywood who represents the East Midlands Pensions Officers Group announced that this would be his last meeting. He is leaving the pensions arena completely and moving to other pastures new. The Chairman thanked him for all his efforts with the Technical Group over the years. Wished him well for the future on the behalf of the group and presented him with a small token of thanks from the group.

13. Date and venue of next meeting

19 September 2014 at the offices of Barnett Waddingham.



Tell Us Once & Public Sector Pensions: Local Government Association Pension Schemes

Tell Us Once Delivery Partnerships

Tell Us Once – because your time matters

Introduction

What is Tell Us Once?

- Tell Us Once allows citizens to inform central and local government **just once** of changes in circumstances such as a birth or bereavement, negating the need for numerous contacts.
- A service which allows people to choose the channel they use: either face to face, telephone or on-line.
- A service that takes away the need to supply and verify the same information to numerous agencies.
- A service which currently shares (with the citizen's knowledge) information with 32 different services.

We currently notify up to 32 different services:



Local Authorities

- Adult Social Services
- Blue Badge
- Family Information Services
- Council Housing
- Council Tax
- Council Tax Benefit
- Electoral Services
- Housing Benefit
- Library Services
- Money owed to council
- Concessionary Travel



- War Pensions



- Personal tax
- Working Tax Credit
- Child Tax Credit
- Child Benefit



- Driving licence



- UK Passport



- Attendance Allowance
- Bereavement Benefit
- Carer's Allowance
- Disability Living Allowance
- Employment & Support Allowance
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Pension Credit
- State Pension
- SINGLE NOTIFICATION

The Current Tell Us Once Customer Journey

Death take-up 73%

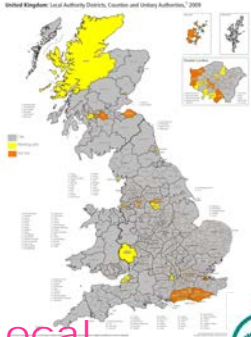
Birth take-up 89%

88% population Coverage (Target 95%)

Annual Savings Estimated at £22m

The Current Service – annual cost £7m pa

90.7% of LAs Offer This Voluntary Service



Death or birth occurs

Registration

Offer TUO

Face-to-face

59%*

Telephony

27%*

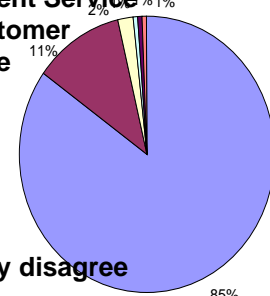
Online

14%*

Collection of data

TUO Notifications available digitally to service providers for action (LAs and central government departments)

Bereavement Service
Good Customer Experience

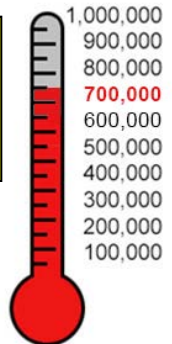


1=strongly disagree
6=strongly agree

Benefits Include:

Efficiencies, Increased job satisfaction,
Reduced Fraud, Less Overpayments
Improved customer journey

Pan-government security accreditation to IL4



Number of people helped by the Tell Us Once service

Local Authorities



HM Revenue & Customs

DWP

Department for Work and Pensions



HM Passport Office



Service Personnel® & Veterans Agency

Why are we here today?

- Feedback from citizens included questions around why they were able to use the TUO service in order to stop a state pension but they couldn't stop payments from a public sector pension scheme. In the eyes of the citizen, both types of pension come from the public purse therefore why should they be treated differently.
- Tell Us Once New Business Team (NBT) approached a number of public sector pension schemes (PSPS) to understand more about the problems they face and the value TUO could potentially add to their service.
- A group representing six areas of Government employees came together to assess the current position and potential improvements.

It was established that there were some key issues around payments being made to deceased scheme members.

Data Sharing Trial:

- A quick and dirty data sharing trial was undertaken with a single public sector pension scheme to understand how TUO could help the situation.
- The trial reduced the time between the date of death and the Scheme being informed from **15** days to an average **8** days.
- This figure significantly reduced overpayments previously associated with the delay - with very few Tell Us Once notified deaths resulting in any overpayment at all.

**Are you interested in finding out what
TUO could do for you?**



Map of the UK – LGPS Regions and TUO Coverage

United Kingdom: Local Authority Districts, Counties and Unitary Authorities, 2012

