

LGPS 2014

AGREEMENT AND ACTIONS

**Communications Working Group
11am to 1.30pm – 12 November 2014
Rooms A & B Layden House**

Present

Andy Brooks (Gwent (Torfaen) Pension Fund)
Antony Ellis (West Midlands Pension Fund)
Ben Altoft (Avon Pension Fund)
Carol Haywood (Leicestershire Pension Fund)
Cheryl Platts (Buckinghamshire Pension Fund)
Dawn Muir (LPFA)
Guy Hayton (Merseyside Pension Fund)
Heather Chambers - Chair (Tyne and Wear Pension Fund)
Jenny Gregory (West Yorkshire Pension Fund)
Jenny Wylie (Oxfordshire Pension Fund)
Mandy Judd (Hampshire Pension Fund)
Martin Griffiths (Staffordshire Pension Fund)
Mary Lambe (LGPC Secretariat)
Mathew James (Dyfed Pension Fund)
Neil Lewins (LPFA)
Rebecca Purfit (Shropshire Pension Fund)
Steve Makin (Avon Pension Fund)

Apologies

David Williams (Environment Agency Pension Fund)

1. Introductions

No new introductions in the group, it was also noted that Dave Hood has left the group having moved from North Yorkshire Pension Fund.

2. Actions and agreements from last meeting held 13 August 2014

Chair updated the group on the actions from the last meeting and confirmed to group that all were completed.

Action 1 from last meeting: Changes to APC calculator noted and confirmed that as part of the next update to the Calculator that the main page would have additional text added to the introduction to confirm that extra or lost pension bought through APCs will be reduced if drawn earlier than Normal Pension Age (NPA) or increased if taken after NPA - see item 8 below for further information.

Update from Administration and Communications (A&C) sub-committee

CWG brought up to date following with outcome of last meeting on the 4th September and the link between the A&C sub-ctte and the CWG.

The minutes stated: The sub-committee noted the extremely useful work

LGPS 2014

being undertaken by CWG. It was agreed that the Chairperson of the CWG should be invited to attend meetings of the sub-committee when there are communication matters on the agenda.

Action: Secretariat to notify the CWG of the decision to invite its Chairperson to meetings of the sub-committee when there are communication matters on the sub-committee's agenda.

Chair confirmed that no date for the next A&C sub-ctte meeting.

3. Active ABS template

CWG discussed work of the ABS sub-group and the draft template and items for guidance notes.

Discussion around whether two templates are needed (i.e. summary and detailed version) or if we have one template and any additional information is included in the accompanying design notes where funds wish to vary the information they provide locally. In general the group agreed that it would be most useful before any template is published to test these on scheme members.

Also discussion around how best to provide the accompanying notes for the ABS template with some group members indicating they would prefer all information to be held together with others intending to have separate notes to accompany the ABS.

A concern regarding what was the minimum that could be provided was raised by Steve Makin. The current version of the draft template has 35 fields, a larger number than the current ABS (final salary only). Noted that the template will be what the ABS sub-group interpret the minimum to be but it'll be for each fund to satisfy themselves that the information they are providing is in line with the requirements of LGPS regulations, the Direction on Benefit Statements from HM Treasury and Disclosure Regulations.

Throughout December finalise the template and develop first draft of guidance notes and design brief. Potential for testing to happen in January/February to ensure everything is fit for purpose before issued in March 2015. CWG to be kept up to date on the work of the sub-group.

4. Deferred ABS

The group had a discussion around the development of Deferred ABSs from next April 2015 focussing on the guidance from the Shadow Scheme Advisory Board.

Carol Haywood (CH) noted that difficulty around the fourth point in the accompanying paper. This is the requirement to include a statement which should be included to the effect that if the deferred member re-joins or has re-joined the LGPS they must notify the old and new fund of their other membership of the scheme and also any other intervening service in another public service pension scheme.

LGPS 2014

Chair noted the potential for three tranches of Deferred ABS going forward, pre 2008, 2008 to 2014 and post 2014 leavers to avoid providing unnecessary information to members depending on when they left. Other members noted they may not break it down and plan on preparing a single template Deferred ABS.

Guy Hayton asked that in 2015 given it's the first year of CARE and that any deferred member will have received a statement of benefits at point of leaving (where the deferred has been calculated) would it be possible to delay issuing statements to those with CARE until 2016. What are the legal requirements to provide the Deferred scheme member with both pieces of information?

Post Meeting update: Regulation 89 of the LGPS Regulations 2013 requires an Annual Benefit Statement to be provided to a deferred member each year (this requirement is in addition to the provision of a statement of benefits at the point of leaving as required under regulation 24 and regulation 73 of the LGPS Regulations 2013.

Rebecca Purfit mentioned the work of the regional communications group in the North West and confirmed they are meeting in the coming weeks where they will discuss the development of their Deferred ABS and would be happy to share the template for their combined Deferred ABS.

5. Aggregation leaflet for members

Mary Lambe (ML) provided an update on the development of the aggregation leaflet and confirmed that once ready it'll be shared firstly with this group seeking their comments. A summary of the content of the leaflet was provided:

Its split into two parts:

Part 1 is designed to assist funds and includes information on how the document is structured. The aggregation chart plots the various scenarios that can arise when dealing with aggregation of benefits in the LGPS in England and Wales. A brief technical explanation of each of these scenarios is also included for information. It includes a section on the proposed consistent approach to aggregation across funds, the aim of which is to make smoother the process for both members and funds. There are also a number of outstanding queries which the LGPC await clarification on from DCLG. These are also noted in this section.

Part 2 is the information which funds will need to supply to scheme members when they re-join the LGPS. It is broken down into 12 scenarios (as per the aggregation chart). The information includes an explanation of each scenario, the considerations which a member should have in mind when making a decision and general information on how benefits are worked out and when they are payable. A separate glossary also being developed to accompany the leaflet.

How funds decide to use this information is their choice. The information is designed to accompany any letters and forms that a fund will issue to a member who is re-joining the LGPS.

LGPS 2014

The document does not contain template letters or forms as each fund will have their own internal considerations for design and layout etc. It is hoped that the breakdown of information in this leaflet will also help when formulating individual letters and forms.

Action: ML to share first draft of leaflet with CWG as soon as it's ready. Comments to be submitted via email.

It is also expected that next week at Pension Managers Conference in Torquay that Aggregation will be discussed as part of one of the breakout sessions. The Secretariat will be sharing the outcome from this discussion.

Action: ML to share with CWG (and all funds) aggregation information from Pension Manager Conference.

Query raised about the LGPS database for funds and Scheme members which is being developed and whether there have been any further developments. Confirmed that work continues with a host confirmed (South Yorkshire Pension Fund) and that once ready it'll be shared with some fund's for testing before it's officially launched. There are a number of issues to be confirmed in terms of data protection and process for maintaining information on the database; once these issues are worked through the Secretariat will be in a position to update the group. A number of group members indicated an interest in helping to test the database once ready.

Action: Database update to be provided to CWG members once more information known.

6. Year-end template update

ML confirmed that sub-group members shared very helpful information on the development of a year-end template and guidance notes. Secretariat to pull information together and work with sub-group to agree final version.

Group felt that it will be the guidance which will be most important to try to help employers understand the importance of accurate and timely information to funds.

Both Rebecca and Anthony noted that they would like to also include systems colleagues in the group. Cheryl Morrell (Shropshire) and Diane Martin (West Midlands Pension Fund) to join the sub-group. This will ensure that we have funds using the major software providers involved in this group.

Jenny Gregory (JG) mentioned work at West Yorkshire surrounding validations on their year-end spreadsheet and agreed to supply this information to the CWG to help with developing the template.

Concerns raised by those group members on monthly reconciliation programmes where they are not confident in the information being provided by Employers relating to APP. This could potentially be a big issue for funds

LGPS 2014

at year end in 2015.

Action: ML to email sub-group with template for agreement. JG to share WYPF version which includes validations.

7. Member website update

A visual demonstration of the current test site was provided to the group with an update on the work to be completed.

Action: ML to email sub-group with update of work of the website and share with CWG too.

8. APC Calculator discussion

Group discussed the suggestions which have recently been received by the Secretariat. ML outlined the changes to the group that the Secretariat are due to make to the APC calculator next month:

- **Buying Lost Pension Facility** – When a member wants to make an election to buy lost pension the calculator will produce two forms (one for the Pension Fund and one for the Employer) and relevant headings will be added to both forms to indicate the recipient of each form and the text will be amended on the bottom of each form to also indicate the correct recipient for that form).
- **Main page for the APC calculator** – Additional text to be added in the introductory section (top of APC calculator homepage) that confirms that if a member draws their benefits earlier than their Normal Pension Age then the APC will be reduced (other than in the case of ill-health retirement) or increased if benefits are drawn after the members Normal Pension Age.

ML confirmed that consideration was given to a number of other suggestions but it was decided **not** to incorporate these in the next review of the APC calculator including:

- **To add a start date to the input details on buying lost pension for the period they are buying lost pension for** – The reason being that if DCLG change the regulations to allow for a person to buy multiple periods of lost pension through a Shared Cost APC in for example one scheme year then this date would become obsolete.
- **Add a tick box that indicates whether the period the member is buying lost pension for is for the whole period of absence or only part of the absence** – we don't think this should be included, the idea being that a member is being given the lost pensionable pay/assumed pensionable pay for their period of absence, therefore the expectation is that the lost pension they are covering would cover the whole of that amount. Where they wish to buy a partial amount of the lost pension then they should instead do so through the buying extra pension route.
- **Add field for employers name** – we feel that given that the main NI identifier and post reference number are included this information isn't

LGPS 2014

also required. In addition if funds receive a form and cannot locate the member on their database (or an employer for that matter) they can use the LGPS database (once available) to identify which fund that request should be sent to.

The next set of changes to the APC calculator will be undertaken next month and CWG members are asked to share any suggestions they have for the APC calculator by mid-December to allow these to be considered in the next tranche of changes.

Going forward, unless the calculator has an error in the way the calculation is being carried out, or there is a legislative change requiring an amendment we will only review comments on process and design every quarter.

In addition we've had requests for potentially tailoring the APC calculator to local needs particularly where a fund wishes to have a de minimus limit for buying lost pension regularly. Interest has been shown by a small number of funds at present and the Secretariat is considering the best route forward.

9. Review Communications Working Group 2014/15 Plan

Group agreed to changes made to plan (now v1.2) and agreed that it be published (with some minor updates still required to names listed in the sub-groups).

Action: ML to publish the next version of the Plan on www.lgpsregs.org Communications Resources section.

10. AOB

- a) Disclosure Regulations Consultation
Technical consultation from DWP relating to the interaction between the Disclosure Regulations 2013 and the new HM Treasury Direction on the provision of Annual Benefit Statements.

Some initial thoughts shared by ML and agreed to share response once finalised with the group.

Action: ML to share updated copy of final response to the Disclosure Consultation with group.

- b) Fund Communications Policy Statement (including impact of Local Pension Boards on LGPS Communications)

Brief discussion around what changes funds have made to their Communication Policy Statements since April 2014. In addition the need for any potential amendments due to the introduction of local pension boards also mentioned.

JW mentioned the new requirements for Annual Reports as provided for by CIPFA and whether this would have any potential impact on the information required for a fund's Communication Policy.

Agreed for next meeting to revisit this subject with more detail around

LGPS 2014

the requirements for local pension boards in addition to reviewing the additional requirements introduced by the recent CIPFA requirements for Annual Reports.

Action: revisit for next meeting in February with potential to share strategies amongst group members as an aid.

- c) Member education - Provisional quotes
Provision of estimates for scheme members discussed in conjunction with the document provided by Antony Ellis which WMPF have recently produced to deal with such requests in the short-term.
- d) APC - Health requirements
CH raised a query regarding what other funds require for medical clearance for APCs and how they obtain that information. Various methods being used by funds some mentioned a statement of general health being obtained from the member (via their GP) others using occupational health provision within the Administering Authority. In addition the dilemma between the fund's need for information v's the level of personal data provided is a concern, in many cases being cited as being too much with some of the detail unnecessary for the fund to decide whether to allow the purchase of APCs.
- e) Freedom and Choice and Guidance Guarantee
Chair raised the point around the potential communication impacts from next April given the knock on impacts of Freedom and Choice legislation on the LGPS.

Communication issues could arise from:

- Provisions around the continuation of transfers from the LGPS to DC schemes (safeguards being discussed which will potentially require change in how we communicate with scheme members considering transferring to DC schemes)
- AVCs - the potential impacts from April 2015 on AVCs discussed. Including:
 - o 100% in and 100% out as cash (of which 25% tax free and @ 75% marginal tax rate)
 - o Or divorce from main scheme benefits (the rationale being) to allow people to take those AVCs whenever they want. Post 2014 contracts can only be offered to member at the time they get their scheme benefits. If they had an AVC product outside the scheme then they could elect for it at any time. There is a potential impact then on AVC provision depending on what the government decide to do. All public service pension schemes have the same issues as LGPS.
- In addition we are also awaiting information on Revaluation as well as Club transfers which will need to be considered from a communications angle as well as the agreement due on how to manage Fair Deal provisions in the LGPS.

LGPS 2014

Action: Take this up again as item for next meeting in the expectation that more information will be available for the CWG to consider.

f) **Firefighters Pension Scheme**

Finally reference made by Martin Griffiths to the recent meeting of a communications group dealing with the Firefighters Pension Scheme. In addition ML confirmed that LGA welcome Clair Alcock on the 8th December to the new Firefighter Pension Scheme advisor post and Clair will be working on communication items for that scheme.

g) The Chair and ML also thanked Dawn Muir for her contribution to the group and in particular her help with the LGPS 2014 videos, this is Dawn's last meeting as she is leaving the LPFA for Australia.

11. Next Meeting

Thursday 26th February 2015 - 11am - Milbank Room 8.2 Local Government House