

**Local Government Pensions Committee
Technical Group**

**Minutes of the meeting held on 11 September 2015
at the offices of Barnett Waddingham, Cheapside
House, 138 Cheapside, London EC2V 6BW**

Present

M Hopwood (Chairman)	North East
B Claxton	London
R Smyth	London
G McLellan	East Midlands
I Howe	East Midlands
Z Kee	Northern Ireland
A South	South West
A Cheffey	South West
L Miller	South Wales
D Goodwin	Secretary
L Downer	Southern
G Chapman	North East
L Savage	South East
J Smith	South East
E Savage	Scotland
K Scotford	

In Attendance

P Kateley	Heywood Limited
S Potter	Civica
D Kanaris	AON Hewitt Limited
C Carruthers	Capita
A Allen	Barnett Waddingham
I Colvin	Hymans Robertson
J Davies	PriceWaterhouseCoopers
C Martin	Environment Agency

DCLG

L Jones

LGA

T Edwards

1. Apologies

Apologies were received from the following:-

N Thomas	Mercers
A Hyde	Shrewsbury
D Friend	Civica
C Lewis-Smith	Southern
K Gerard	South Wales
J Caiazzo	Shrewsbury

The Chairman welcomed Kelly Scotford to the meeting and asked members to introduce themselves. She will be taking over the role of Secretary to the group following the December meeting. She was thanked for her offer to take over the role.

2. LGPC Update

a) Updated GAD guidance - currently waiting for DCLG to agree that clean and tracked versions of the extant GAD guidance (to include the matters covered in Bulletin 132 and the changes set out in the GAD letter of November 2014) can be placed on the website. When agreement is received these will be loaded to the website at <http://www.lgpsregs.org/index.php/dclg-publications/dclg-stat-guidance>.

b) Annual Benefit Statements - on 6th August an email was sent to Administering Authorities in E&W requesting information on the number of 2015 ABS they expected to issue prior to this year's deadline of 31 August. More than 2/3rds of funds responded. Only 6 funds expected to get out 100% of their active ABS by 31.8.2015 and surprisingly only 28 expected to get out 100% of their deferred by the deadline.

The main reasons for delay were late/incorrect data submitted by employers, pension software issues and internal resources issues. The responses have been forwarded to TPR who confirmed that Administering Authorities need to report any breaches on an individual basis, LGA are not able to do it on their behalf. If an authority decides that the late issuing of ABS constitutes a breach of 'material significance' it should be reported.

The TPR guidance should be referred to determine what breaches are of 'material significance' and regard should be given to point 257 regarding teething problems. When assessing if the breach is of 'material significance' Authorities need to assess the cause, effect, reaction and wider implications of the breach.

It would be advisable to advise pension committees and boards of the situation to avoid being in the same situation next year when it would not be possible to attribute a breach to teething problems. Any issues such as under resourcing, incorrect/lack of information from employers should be brought the attention of the boards/committees and addressed now.

c) Tell Us Once – All Funds have now signed up and it is hoped to launch the system in October this year. Testing is still going on through DWP. A data sharing agreement will need to be signed by all Authorities. It is hoped that the LGPS NI database will be live by the end of September when Authorities will have a two week window to update the database with their information in readiness for the launch of the link with Tell Us Once. The NI database is only being used to prevent double death grants. It cannot be used for other things such as GMP reconciliation as this is not covered by the data sharing agreement. It was suggested that the agreement should be amended or supplemented to allow the NI database to be used for this purpose but it was explained that, although HM Treasury informally supported the idea, it might be difficult to obtain the agreement of data protection officers. The LGA will raise, via the HMT GMP technical working group or mini working group, whether it would be possible to get some form of pan government accreditation and / or agreement from the information commissioner's office to help take this forward.

d) Amendment Regulations – Proposals for changes to the regulations did not get to go before ministers before the summer recess. A lot of work was done during the recess. Lawyers drafted some Regulations in connection with Freedom of Choice which will be included together with other corrections suggested by the LGPC Secretariat, but not all. Consultation is now likely to be later in the year.

e) Scotland – SPPA have issued draft amendment Regulations .

f) Ill Health – There have been two proposals both of which are advocating the deletion of Tier 3

Proposal 1 – Two gates – gate 1 = permanently incapable of doing own job and gate 2 = not immediately incapable of undertaking gainful employment.

Proposal 2 – A single gate i.e. only of being incapable of doing own job. The favourite was (2). It would mean that future cases that would have fallen into Tier 3 would fall into Tier 2. The additional cost could be met by amending the regulations to provide an unenhanced benefit after 2 years membership, with an enhanced benefit only being granted after 5 years membership. If a decision was made to keep a 2 year requirement to get enhancement it would need a change to the level of the enhancements to tiers 1 and 2. A paper has been sent to the board to see what they wish to do.

There was also a suggestion that the employer should decide whether or not to terminate employment but the decision over:

- a) whether the member meets the ill health criteria, and
- b) which Tier of benefit the member falls within

should be taken by the Administering Authority and not the Employer. This was felt to be a positive change however it would need consultation with Employing and Administering Authorities to see how they felt about such a proposal.

g) Training – LGPC Fundamentals will be taking place between October and December and it is likely to be very popular so early booking is recommended.

h) Tim and Terry are now working 2 days a week. As Terry will be working on guides etc. it has been decided that all emails should be sent to a central address rather than an individual. The address is query.lgps@local.gov.uk The pensions@local.gov.uk mailing group which some people used to submit queries to the team has been closed.

3. Freedom and Choice

The question raised was “If a member has two deferred benefits (in the same or separate funds) does the member have to transfer both or can he elect to transfer out one but not the other?”

Following discussion it was decided that as the LGPS in, for example, England and Wales, was one scheme it would, technically, be necessary to transfer out all deferred benefits or none at all. If there was a dispute by a member it was suggested that legal advice should be obtained.

The second question related to the transfer out of AVC funds.

It was agreed by the Group that the Administering Authority should be leading the process and obtaining the appropriate forms and then instructing the AVC Provider to pay the CETV. Terry was asked to draft some guidance and prepare sample AVC transfer forms.

4. Aligning pension input periods

This relates to HMRC wishing to change the pension input period from 31 March to 5 April. There was much discussion concerning this item and several issues were raised. Terry will be going back and looking at the issues raised and will produce another paper for discussion at the next meeting.

5a. Consultation on tax status of pensions

Following discussion it was clear that it would be difficult for Administering Authorities to make a response , although Actuarial firms might well do so.

5b. Forthcoming consultation on pooling LGPS investments

Bob explained that some of the London Boroughs were currently looking to do this and he felt that in due course if Administering Authorities did not look at this possibility it was likely that the Government would make it compulsory. He suggested that this should be looked at sooner rather than later.

5c. £95,000 exit cap

This might mean that there would have to be a reduction in the pension payable and this would therefore need a change in the Regulations. Effectively this could mean that Employers would find it more difficult to reduce their workforce. It was however pointed out that a full Council meeting could decide to disapply the Cap.

6. GMP Reconciliation

Terry confirmed that this was under consideration by ministers and further information will be coming out shortly. As soon as decisions are known the LGA will notify Authorities. He also mentioned that there might not be a need to reconcile GMP's for some groups of people (but could not provide details at this stage). Terry also mentioned that if Authorities sent out Newsletters which mentioned pensions increases they should ensure that the information is correct in relation to the forthcoming year (NB: the information to provide is dependent on the decisions taken by ministers). It was also pointed out that, again dependent on the decisions taken by ministers, the Pensions Increase programs might need amending .

7. Consideration for amendment to Regulation Schedule 2 Part 2 paragraph 5 "Entity connected with a Local Authority" to ensure that funds are protected

This question was discussed and it was agreed that, to protect the Fund, either the connected Local Authority should agree to act as guarantor for any deficit should the connected entity cease to exist or, failing that, the employer rate for the connected entity should be set at a level to reflect the fact that there is no guarantor. It was also agreed to request a change in the Regulations to require the connected Local Authority to act as guarantor.

8. Minutes of the previous meeting held on 5 June 2015

These were agreed as a correct record.

9. Matters arising

Page 7 5c1 bullet point 1 the words “referred to below” should be deleted

10. Any other business

a. *The question was asked as to whether there was any update on “Fair Deal”*

It was explained that a submission has been sent to the Minister (Marcus Jones). There is no assumption that the Coalition and the Conservative policy are the same so the submission is asking for agreement to the next steps i.e. to implement the principles of new Fair Deal within the LGPS. Lynda said that DCLG are going to brief the Minister next week.

11. Date and venue of next meeting

11 December 2015 at the offices of PriceWaterHouseCoopers.