

**Local Government Pensions Committee
Technical Group**

**Minutes of the meeting held on 12 December 2017 at
the offices of Mercers
Tower Place West, London, EC3R 5BU**

LGPC Technical Group

Present

Kev Gerard (Chair)	South Wales
Ian Howe	East Midlands
John Smith	South East
Richard Smyth	London
Helen Tomkins	Shrewsbury
Gary Chapman	North East
Erin Savage	Scotland
Gary McLellan	East Midlands
Alan South	South West
Heather Currie	North East
Louise Savage	South East
Kelly Scotford	Secretary

In Attendance

Nikki Cooper	Civica
Daniel Kanaris	AON
Catherine Carruthers	Capita
Anne Marie Allen	Barnett Waddingham
Jon Slater	Equiniti
Jonathan Perera	Mercer
Ian Colvin	Hymans
Paul Kateley	Heywood

LGA

Jayne Wiberg
Karl White
Terry Edwards
Jeff Houston

DCLG

Jeremy Hughes

TPO

Mairi Spiby

1. Apologies

Stephen Mosley	Shrewsbury
Claire Lewis-Smith	Southern
Craig Martin	Environment Agency
Zena Kee	Northern Ireland
Kim Linge	Scotland
Debbie Sharp	Shrewsbury
Rachel Abbey	Southern
Chris Hurst	South Wales
Justine Davies	Price Waterhouse Coopers
Neil Mason	London
Karen Gibson	South West

2. LGPC Update

See attached update – Appendix A

A query arose concerning the content of the LGA guide covering 'A guide to how increases are applied to LGPS pensions in payment' and as to whether or not the guide will cover 'supplementary PI'. The guide concerns the application of increases to pensions in payment and not lump sums. If Funds have any queries concerning supplementary PI on lump sums, they should raise a technical query to the usual address of query.lgps@local.gov.uk

3. Technical Review – LGA query 6 – How to calculate the value of a member's benefits on 5 April 2016 for the purpose of IP16 where the member has elected for a scheme pays offset in relation to benefits built up prior to 6 April 2016

See Appendix B

Feedback discussion:

Capita provided their response

Question 1 - Yes

Question 2 - No

Outcome

LGPC contacted HMRC and they have confirmed the LGA's view that a scheme pays offset in relation to benefits built up prior to 6 April 2016 should be deducted from the value of the member's benefits on 5 April 2016 (regardless as to whether or not the physical deduction takes place after this date due to the completion of paper work). Accordingly, this was confirmed to the group in the following email:



20171218 JW email
to Tech group re LG

4. Academies

Background:

The background to this discussion is included within the LGPC update imbedded within item 2 of these minutes. As mentioned in the LGPC update (Appendix A) the SAB would like two volunteers from technical group to sit on the administration work stream, there will also be representatives from the Teachers Pensions Scheme who are heavily involved in this area.

Outcome:

It was agreed that a volunteer from South Yorkshire Pension Fund Authority and a volunteer from the Teesside Pension Fund would represent Technical Group on the Academy administration work stream. The first of such meetings will take place on 26 January 2018.

5. Tell Us Once

Background:

DWP have been invited to attend Technical Group on a number of occasions but have had to withdraw due to unforeseen issues.

Outcome:

The group decided that they would not actively seek DWPs attendance going forward, though if DWP requested to attend the group they would be encourage to do so.

6. Pension Decision Service - JLT

Background:

A presentation was delivered by JLT (Adrian Chapman - Director) regarding their new 'pension decision service' which addresses member experiences and outcomes. Adrian would like to know whether there is a demand for such a service that could provide extra support to members and remove the burden from Administrators..

Further Discussion:

The group were interested in the service, though as to be expected, the question of cost arose. Adrian offered some suggestions based on existing private sector models though confirmed that this would be something that he would look to work on separately for LGPS Funds. One area that was confirmed was that if the member required regulated finance advice then this should be paid for by the member directly to JLT.

Outcome:

The group agreed that this would be:

- Discussed at each POG, and
- Left up to each administering authority to approach JLT directly if they wish to investigate the provision of the service further.

7. The Pensions Ombudsman**Background:**

Mairi Spiby (Casework Manager for The Pensions Ombudsman and The Pension Protection Fund Ombudsman) delivered a presentation to the group. The following documents have been included within the appendices:

Appendix C – TPO presentation

Appendix D – TPO factsheet appeals against Ombudsman determination

Appendix E – Session 1 Newsletter LGPS III-health (November 2015)

Appendix F – TPO NFI factsheet

Further Discussion:

The TPO confirmed that they are happy to provide guidance on an informal basis when dealing with IDRPs in the hope that this will reduce the number of cases that reach TPO.

Of the 1500 complaints annually received by the TPO only 100 of these were from the LGPS. Of those 100 complaints only 33% have been overruled, this is mainly because the legislation was not transparent or was ambiguous. Therefore the TPO are upholding 2/3rds of the decisions made by LGPS funds.

The main complaints against the LGPS are in relation to ill health and the failure to provide information or failure to act on information.

TPO are looking at changing the IDRPs process to a one stage process as so few complaints are overturned at stage 2, this is being discussed with DCLG.

TPO also confirmed that the reason the TPO have increased their awards where the member has been 'significantly' distressed / inconvenience was based on the amount that courts have been recently awarding.

TPO also confirmed that TPAS will become an advisory service and some staff will transfer to the TPO for giving advice.

JH confirmed that TPO has a very wide definition of what it considers to be an occupational pension scheme and may accept queries from what may not appear to be a pension scheme. This is on the grounds that the definition of an occupational pension scheme is very broad under the Pension Schemes Act 1993 and does not just cover pension schemes in the traditional sense but also covers schemes which provide benefits 'on termination of service in an employment' (s1(5)(c)). For example a Personal Accident Scheme is a scheme which provides benefits 'on termination of service in an employment', and it can therefore be classed as an occupational pension scheme in the eyes of the TPO to accept a complaint.

Outcome:

Options on moving to a single stage IDR process

SAB has agreed with a recommendation from the Cost Management, Benefit Design and Administration committee that the scheme should retain the existing two stage process but that work should be undertaken to assess its effectiveness and efficiency and report back to SAB in due course.

Simplification of Ill health retirement provisions -

After meeting for the first time in the Spring of 2017, the ill-health working group's work was put on hold given DCLG's clear statement that nothing but essential regulatory changes would be possible. More recently, DCLG softened their stance and agreed that they would consider any recommendations made by SAB. The Cost Management, Benefit Design and Administration committee recommended to SAB that the working group should be re-convened and to meet as soon as possible. SAB agreed with the committee and steps are now being taken for the working group to meet in January 2018.

8. LGA Training

Background:

Karl White is the new pension's adviser responsible for training at LGA. 2018/19 rollout, looking to cover Governance (Board, Committees), Employers and Administering Authorities. New material, new website and documentation provided electronically. LGA want to know what both employers and administering authorities would like to have and what delivery method would the group like. Survey will be sent out shortly to all administering authorities

Outcome:

Feedback from group at meeting

Admin Authority training needs:

Transfers including Freedom and Choice

Employer training needs:

Ill health process for employers

IDRP for employers

Methods:

Classroom style (face to face)

Possible via web based training

On line material

Karl will be visiting the POGs to ask for feedback, and it would be useful if members of the group (and their respective POGs) could think about what they would like for staff training including subject and method. Also any feedback on what employers need to know so that LGA can base training on the employer needs as defined by administrators would be useful.

Please respond back to Karl White at LGA directly (karl.white@local.gov.uk), through the POGs or via the survey.

9. Pensions Dashboard

Background:

Jeremy Hughes (DCLG) confirmed that DWP have taken over responsibility for the pensions dashboard from HMT.

A statement will be made in March 2018 about the cost / charges of the dashboard.

Information used by the dashboard will need to be accurate and it may then be utilised by companies to try sell their products. .

Outcome:

There were serious concerns about the data protection raised by the group.

Most importantly, there does not appear to be a facility for members to opt out of their information being used by the dashboard. Jeff is taking this matter forward.

10. Minutes of previous meeting held on 15 September 2017

Agreed all accurate with the addition in red to paragraph 8.3 as follows:

“Once a member undertakes drawdown they will be restricted to paying £4,000 into a money purchase scheme (AVC plan) **without a tax charge (addition from meeting of 12/12/2017)**”

11. Matters arising

None

12. AOB

12.1 Confiscation Order

Background

See Appendix G

Outcome

Regulation 84 of the LGPS 2013 prescribe that benefits are not assignable. It was agreed that the Administering Authority should refer the case back for legal advice to confirm where the Proceeds of Crime Act 2002 over-rides the provisions of the Pensions Act 1995.

12.2 Does any fund have a policy regarding voluntary scheme pays?

Outcome

A number of schemes have got voluntary scheme pays policies.

12.3 TUPE between NHS and LGPS and retaining NHS pension benefits

Outcome:

Depends on the rules of the transfer, if the NHS rules enable the member to retain membership they can remain in the NHS, otherwise they would move to the LGPS. Such as public health these are covered by the Directions Order.

12.4 EAT decision was made that employer contributions should be included when calculating one weeks' pay for redundancy purposes

Outcome:

Legally it should be included for a statutory redundancy payment. You can use it for statutory pay but you would need to potentially change policies. LGA have outstanding queries on this matter, as to whether this is the future or / past service contribution rate. Jeff recommended using only the future contribution rate .

12.5 Retirement

Terry Edwards is retiring from LGA and this was his final attendance at Technical Group, thanks were given by the Chair for everything Terry has done for the group and funds generally, the group all wished Terry well in his retirement.

13 Date and venue of next meeting

Friday 9th March 2018 – PWC Hays Galleria

Friday 8th June 2018 – Hymans

Friday 28th September 2018 - AON

Tuesday 11th December 2018 – Barnett Waddingham