

# **LOCAL GOVERNMENT PENSIONS COMMITTEE (LGPC)**

## **Minutes of the NATIONAL LGPS TECHNICAL GROUP meeting**

**Held at the offices of:  
Barnet Waddingham  
at 11:00 am on  
Tuesday 11 December 2018**

### **Attendees**

<b>Standing (voting) members of the group</b>		<b>Present / Apologies / Substitute / Absent</b>
Kevin Gerard (Chairman)	Welsh Pension Officer Group (WPOG)	Present
Chris Hurst	Welsh Pension Officer Group (WPOG)	Present
Ian Howe (Deputy Chairman)	East Midlands Pension Officer Group (EMPOG)	Present
Gary McLellan	East Midlands Pension Officer Group (EMPOG)	Present
Karen Gibson	South West Pension Officer Group (SWPOG)	Present
Alan South	South West Pension Officer Group (SWPOG)	Present
Clair Lewis-Smith	Southern Area Pension Officer Group (SAPOG)	Present
Rachel Abbey	Southern Area Pension Officer Group (SAPOG)	Present
Louise Savage	South Eastern Counties Superannuation Officer Group (SECSOG)	Present
Joel Ellner	South Eastern Counties Superannuation Officer Group (SECSOG)	Apologies
Richard Smyth	London Pension Officer Group (LPOG)	Present
Neil Mason	London Pension Officer Group (LPOG)	Not present
Steven Moseley	Shrewsbury (North West) Pension Officer Group (SPOG)	Present
Debbie Sharp	Shrewsbury (North West) Pension Officer Group (SPOG)	Present
Jason Bailey	North East Pension Officer Forum (NEPOF)	Present
Heather Currie	North East Pension Officer Forum (NEPOF)	Apologies

Erin Savage	Scottish Pensions Local Government (SPLG)	Present
Zena Kee	Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)	Present
<b>Representative (non-voting) members of the group</b>		
<del>Jeremy Hughes</del> (temporary substitute Robert Ellis)	Ministry of Housing, Communities & Local Government (MHCLG)	Present
Kimberley Linge	Scottish Public Pension Agency (SPPA)	Present
TBC	Department for Communities (Northern Ireland)	To be invited
Jayne Wiberg Lorraine Bennett	Local Government Association (LGA)	Present Present
<b>Ad-hoc (non-voting) members of the group</b>		
Paul Kateley	Software supplier - Aquila Heywood	Present
<del>Catherine Carruthers</del> (temporary substitute Roger Swift)	Software supplier – Capita	Apologies Present
Julie Potter	Software supplier – Civica	Present
Jon Slater	Software supplier - Equiniti	Present
<del>Annemarie Allen</del> (temporary substitute Melanie Durrant)	Actuarial - Barnett Waddingham	Apologies Present
<del>Ian Colvin</del> (temporary substitute Andrew McKeaarns)	Actuarial - Hymans Robertson	Apologies Present
Justine Davies	Actuarial – PWC	Present
Catherine Pearce	Actuarial – Aon	Present
Nigel Thomas	Actuarial – Mercer	Present

## Minutes

Agenda item	Description	Outcome
1	Apologies for absence	See previous list
2	<a href="#">Minutes</a> of the last meeting held on 28 September 2018	<p><b>Group agreement:</b> The minutes were agreed and the following discussions took place:</p> <p><b>Arising discussions</b></p> <p><b>a) NI Database usage expansion (item 3(b))</b> Pursuant to the actions agreed in the meeting of 28 September 2018, 5 Administering Authorities have yet to respond:</p> <ul style="list-style-type: none"> <li>• London Borough of Barnet</li> <li>• London Borough of Tower Hamlets</li> <li>• London Borough of Southwark</li> <li>• London Borough of Islington</li> <li>• Isle of White</li> </ul> <p><b>Group agreement</b> It was agreed that the Lorraine Bennett (LGA) would write again to those administering authorities that have yet to respond reminding them that the increased usage of the NI database cannot commence until all administering authorities have responded, and to also confirm that if no response is received, we will, after a prescribed period of time, write to the respective Local Pension Boards.</p> <p>Once agreement has been reached it is intended that the group look at the frequency of the 'data refresh' on the NI Database and consider sending monthly reminders to administering authorities to refresh their data on a monthly basis.</p> <p><b>b) Refunds (item 6)</b> Further to the discussion and recommendations that took place in the meeting of 28 September 2018, the group considered as to whether or not the '5 year rule' set out in regulation 18(5) of the LGPS Regulations 2013 could be removed?</p> <p><b>Group agreement</b> It was agreed that Jayne Wiberg (LGA) would:</p> <ul style="list-style-type: none"> <li>• review the rules of the other PSPS to see if they had an equivalent prescription, and</li> <li>• research the background into why this rule was enacted.</li> </ul>

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		The findings will be documented in a paper for the next meeting of 8 March 2019.
3	<a href="#">LGPC update v2</a> – Jayne Wiberg	<p><b>Group discussions</b></p> <p><b>a) Factors</b>  Following the change to the SCAPE discount rate on 29 October 2018, a question arose concerning as to when the remainder of the revised factors would be issued?  A further discussion surrounding the planned changes to factor table formats and formulas took place. The software providers confirmed that they were aware of the changes and are in the process of making amendments/tweaks to their systems in advance of the factors being issued.  <b>To note</b>  Jayne Wiberg (LGA) confirmed that the revised factors are expected around February 2019 as set out in <a href="#">bulletin 177</a>.</p> <p><b>b) Ms D v bath &amp; North East Somerset (the Council)</b>  <b>To note</b>  A further complaint concerning the payment of co-habiting partner’s pension (<a href="#">PO23282</a>) has arose. However, this challenge concerned the rule that the member must have been able to marry or form a civil partnership with the co-habiting partner for a continuous period of at least 2 years on the date the member died. In this case, the member had been living with the co-habiting partner for over 20 years, though remained married to another person. Accordingly, the administering authority paid the survivor’s pension to the legally married spouse. The court upheld the payment to the legally married spouse by the administering authority.</p> <p><b>c) Transfers out – requests for information from Claims Management companies</b>  It was brought to the group’s attention that several requests (<a href="#">see example</a>) for historical transfer information had been received by at least one administering authority. In particular copies of documentation that the administering authority had provided to a member before making a transfer payment</p>

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		<p>out of the scheme. There is concern that administering authorities could be faced with historical reinstatements (where at a later date it is proven that the transfer was inappropriate - this could be years down the line) if it is proven that the information provided to the member prior to transfer was not sufficiently robust. We are only aware of 1 administering authority to have received such a request, though another mentioned that they had received a similar request by way of FOI.</p> <p><b>Group agreement</b></p> <p>Members to monitor requests for such information and report the outcome at the next meeting on the 8 March 2019. Thereafter, the group will take a view as to what (if any) group action needs to be taken.</p> <p><b>d) Aggregation following the cessation of a concurrent employment</b></p> <p>There is an outstanding regulatory issue, concerning a member who held concurrent employments and who subsequently left one of those employments. The issue covers those cases where the:</p> <ul style="list-style-type: none"> <li>• initial employment began before 1 April 2014 (1 April 2015 Scotland) and ceased after that date, and</li> <li>• second employment began on or after 1 April 2014 under regulation 3 of the LGPS Regulations 2013 [SI 2013/2356] (1 April 2015 under regulation 3 of the LGPS (Scotland) Regulations 2018 [SSI 2018/141]) <u>and</u> whilst the person was still in the initial employment.</li> </ul> <p>Regulation 10(8) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525] (regulation 10(8) of the LGPS (Transitional Provisions and Savings)(Scotland) Regulations 2014 [SSI 2015/448]) only addresses those cases where both employments commenced before 1 April 2014 (1 April 2015 Scotland). Where this is the case, upon leaving active membership in a concurrent employment, upon aggregation with the continuing employment, administrators are required to apply an adjustment to the pre 1-April 2014 (pre-1 April 2015 Scotland) final salary membership. However, where the continuing employment is in relation to an employment that commenced</p>

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		<p>on or after 1 April 2014 (1 April 2015 Scotland), no such adjustment is required, meaning that the pre-1 April 2014 (pre-1 April 2015 Scotland) final salary membership is aggregated on a day-for-day basis.</p> <p><b>Outcome</b></p> <p><b>SPPA</b> confirmed the policy intent:  <i>“Unfortunately it is clear that the regulations do not currently address this scenario correctly. The policy intent is that any pre-1 April 2015 membership should be adjusted when adding it to the membership for <u>a continuing employment</u>. There is no break in service here; therefore we will be revising regulation 10(8).... as suggested by the LGA.</i></p> <p><i>“(8) Where deferred benefits or a deferred refund under paragraph (1) arise from the cessation of a concurrent employment and the member continues as an active member in a continuing employment in which the member became an active member either by virtue of regulation 5(1) of these Regulations (membership of the 2015 Scheme) or by virtue of regulation 3 of the 2014 Regulations (active membership), the formula in regulation 14(4) (concurrent employments) or, as the case may be, regulation 41(4) (rights to return of contributions) of the Administration Regulations must be applied in order to determine the rights the member is entitled to for the purposes of paragraph (2)”.</i></p> <p><i>We do intend to amend the regulations as per LGA’s correction list, when the Transitional Regulations are updated, which will be in the New Year”.</i></p> <p><b>Group agreement</b></p> <p>The same question was posed to <b>MHCLG</b> who could not confirm either way. Jayne Wiberg (LGA) <a href="#">emailed MHCLG</a> with the above information seeking confirmation of similar intent for the LGPS EW on 13 December 2018.</p> <p><b>e) Ministerial Direction under s59A of the Social Security Pensions Act 1975</b></p> <p>The group discussed the impact of the <a href="#">Direction</a> on the forthcoming valuations. In particular, have the actuarial firms made allowances to accommodate what will be the increased use of the Direction due to the non-</p>

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		<p>payment of state additional pension (i.e. are actuarial firms accounting for full revaluation of the GMP in the extended circumstances prescribed by the Direction?).</p> <p><b>To note</b> There was a mixed response from the actuarial firms present, though all acknowledged that this area would need to be reviewed going forward.</p>
4	<p>National LGPS Technical Group:</p> <ul style="list-style-type: none"> <li>• <a href="#">Revised Terms of reference</a></li> <li>• <a href="#">Revised membership list</a></li> </ul>	<p><b>Group discussion</b> The group discussed the draft Terms of Reference and group membership and decided upon a number of changes.</p> <p><b>Group agreement</b> Jayne Wiberg (LGA) will amend the Terms of reference as set out below and the final version will be brought to the meeting on 8 March 2019 for approval. In accordance with the extant 'voting rights' at least 75% of the standing members must agree to the revised Terms of Reference, therefore it is requested that all standing members attend this meeting:</p> <ul style="list-style-type: none"> <li>• SPLG and NILGOSC agreed that their membership would comprise of up to one member each (rather than up to 2 members each).</li> <li>• The Department of Environment (Northern Ireland) has changed its name to Department for Communities, this will be reflected in both the Terms of Reference and group membership. Additionally, Zena Kee (NILGOSC) will contact the Department for Communities (NI) to determine their nominated member.</li> </ul>
5	<p>MHCLG Policy Consultation: <a href="#">Local Government Pension Scheme: Technical Amendments to Benefits</a></p> <ul style="list-style-type: none"> <li>• <a href="#">LGA policy response</a></li> </ul>	<p><b>To note</b> Jayne Wiberg (LGA) highlighted the key points from the LGPC policy response.</p>
6	<p><a href="#">Draft regulations</a>: Local Government Pension Scheme: Technical Amendments to Benefits</p> <ul style="list-style-type: none"> <li>• <a href="#">Technical group response</a></li> </ul>	<p><b>To note</b> It was noted that the National LGPS Technical Group had responded to the consultation. In addition, the LGA supplied a full version of their response which lists the points in full.</p>

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	<ul style="list-style-type: none"> <li>• <a href="#">LGA MHCLG response</a></li> <li>• <a href="#">LGA response with full survivor table</a> (not issued to MHCLG nor published on <a href="http://www.lgpsregs.org">www.lgpsregs.org</a>)</li> </ul>	
7	<p>Technical group responses to draft regulations – standing and representative members. Draft regulations imminently due:</p> <ul style="list-style-type: none"> <li>• Fair deal</li> <li>• Cost control</li> </ul>	<p><b>Group discussion</b> The group discussed how to respond to future consultations and agreed that a structured approach would be helpful.</p> <p><b>Group agreement</b> It was agreed that for future consultations the group would form sub group(s) to examine in more detail the subject to be considered. This will involve, though not limited to, an examination of the regulations to ensure that they are ‘fit for purpose’ and to make recommendations where in the view of the sub-group this is not the case. The response will be circulated to all standing members for agreement prior to issue by the Chair person. The location of the meetings of the sub-group(s) will determined locally by sub-group members.</p> <p>MHCLG also offered to attend such meetings, the group accepted this offer with enthusiasm. On occasion, it may also be appropriate to invite ‘ad-hoc’ members of the group, decisions to be taken locally.</p> <p>It was agreed that two sub-groups would be formed to address the forthcoming consultations on Fair Deal and Cost Control as follows:</p> <p><b>Fair Deal (consultation expected w/c 17/12/18)</b></p> <ul style="list-style-type: none"> <li>• Standing member and Deputy Chair - Ian Howe (EMPOG)</li> <li>• Standing member – Jason Bailey (NEPOF)</li> <li>• Standing member - Debbie Sharp (SPOG)</li> <li>• Standing member - Zena Kee (NILGOSC)</li> <li>• Representative member – Jayne Wiberg (LGA)</li> <li>• MHCLG + ad-hoc members as required</li> </ul> <p>Postscript: Ian Howe has arranged to host the sub-group meeting covering Fair Deal on 22 January 2019 at Leicester’s County Hall Offices.</p>



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		<p><b>Cost Control (consultation expected early January 2019)</b></p> <ul style="list-style-type: none"> <li>• Standing member – Karen Gibson (SWPOG)</li> <li>• Standing member – Steven Moseley (SPOG)</li> <li>• Standing member – Louise Savage (SECSOG)</li> <li>• Standing member – Gary McLellan (EMPOG)</li> <li>• Representative member – Jayne Wiberg (LGA)</li> <li>• MHCLG + ad-hoc members as required</li> </ul>
8	<p>Formal request from LGPS National Technical Group to change the forfeiture regulations</p> <ul style="list-style-type: none"> <li>• <a href="#">Technical group request</a></li> </ul>	<p><b>To note</b></p>
9	<p>Any other business – written details using the blank template for agenda items to be given to the Chairman (Kevin Gerard) prior to the start of the meeting.</p>	<p>a) Interfund factors following change to SCAPE discount rate on 29 October 2018 – <a href="#">Aquila Heywood</a></p> <p><b>Group discussion</b></p> <p>The group discussed the matter and it was noted that the change that brought about the <a href="#">original decision in 2012</a> was not as a result of a SCAPE discount rate change.</p> <p><b>Group agreement</b></p> <p>It was agreed that for the purpose of Aquila Heywood clients and given the fact that such cases would be extremely limited (because all such calculations should have already taken place) that Aquila Heywood would look to amend their code for any future SCAPE discount rate changes in line with any future MHCLG transitional recommendations.</p> <p>b) Potential scheme changes due to a breach of the LGPS cost cap</p> <p><b>Background</b></p> <p>A question arose as to the impact of any administration changes that may occur as a result of the recommendations made by SAB EW regarding cost control. Further information concerning these recommendations can be found in a <a href="#">summary</a> of the SAB minutes from 10 October 2018.</p> <p><b>To note</b></p>

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		<p>Jayne Wiberg (LGA) confirmed that should the recommendations be approved, then there will be changes made to the scheme which will impact on administration. However, at this point in time the proposed changes could not be shared.</p> <p>c) Basis for Pensions Increase  <b>Background</b>            In the <a href="#">Budget 2018</a> the government stated that its objective is that CPIH will become its headline measure over time and that it will reduce the use of RPI when and where practicable. It also confirmed that CPIH is conceptually the best measure of inflation, but is relatively new and work is ongoing to understand its properties compared to CPI and RPI. A question arose as to whether PSPS would be adopting the new index (CPIH) as a measure for increasing public service pensions under the PI Act 1971?  <b>To note</b>            Robert Ellis (MHCLG) confirmed that there was no immediate plan to move away from CPI as a measure of increasing public service pensions under the PI Act 1971.</p>
	<p>Date and venue of future meetings:</p> <p>8 March 2019</p> <p>Mercer</p> <p>Agenda items for meeting of 8 March 2019 to be supplied to the <a href="#">Secretary</a> by no later than close of play 22 February 2019 using the <a href="#">blank template</a> for agenda items for this meeting.</p>	<p><b>To note</b></p>
	<p>14 June 2019</p> <p>PWC</p> <p>Agenda items for meeting of 14 June 2019 to be supplied to the <a href="#">Secretary</a> by no later than close of</p>	<p><b>To note</b></p>

Agenda item	Description	Outcome
	<p>play 31 May 2019 using the <a href="#">blank template</a> for agenda items for this meeting.</p>	
	<p>20 September 2019</p> <p>Hymans</p> <p>Agenda items for meeting of 20 September 2019 to be supplied to the <a href="#">Secretary</a> by no later than close of play 6 September 2019 using the <a href="#">blank template</a> for agenda items for this meeting.</p>	<p><b>To note</b></p>
	<p>10 December 2019</p> <p>AON</p> <p>Agenda items for meeting of 10 December 2019 to be supplied to the <a href="#">Secretary</a> by no later than close of play 26 November 2019 using the <a href="#">blank template</a> for agenda items for this meeting.</p>	<p><b>To note</b></p>