

MHCLG Report to National LGPS Technical Group – 10 December 2020

McCloud

- Our McCloud consultation closed on 8th October and the initial analysis has now been completed. We are very grateful to respondents for time put into the detailed responses.
- We are now considering those responses in detail and will be holding meetings in Government (including with SPPA and Department for Communities) and with the Scheme Advisory Board to consider the issues raised, including next steps for national guidance and communications.

Cost control

- The pause to the 2016 cost control mechanism has been lifted and HM Treasury will set out in amending directions the technical detail of how this will be achieved. They expect to publish those in spring of next year (Q1 21/22).
- 2020 data is coming in and GAD will be sending out festive thanks shortly. The exercise over the summer with actuaries to better understand apparent inconsistencies in the data proved helpful.
- The GAD review of the cost cap mechanism is underway, and we will be engaging with GAD and colleagues in the devolved administrations to identify the issues around applying the cost cap methodology to funded public sector schemes.

HMT Consultation: Exit payments cap

- The HMT Regulations came into force on 4 November. On 28 October the Local Government Minister wrote out with his view on what that meant for LGPS employers and funds.
- The MHCLG reform package policy consultation has closed, and we are reviewing responses received (c400).
- The draft regulations technical consultation is still open but due to close on 18 December.
- Thanks to everyone for the thoughts and suggestions submitted on both.
- Judicial reviews have been lodged to challenge both the HMT cap, their application in LGPS and the draft MHCLG proposals. The government has not opposed expediting the hearing of these cases and a permission hearing is likely in mid-December.

GMP

- The HMT consultation on whether to continue the interim solution for GMPs is still open (it closes on 30 December).
- Since it opened a further decision in the Lloyds case has suggested that all transfers since 1990 may need to be reopened to check that equal benefits were provided between men and women. Obviously, that would be a huge task in LGPS at a time when resources are already fully stretched. We are awaiting further advice from GAD on how we need to respond to that.

MHCLG Consultation: Management of employer risk

- The consultation on statutory guidance closed at the end of November and we are very grateful for the responses we have received from the working group members, the local fund actuaries and LGA lawyers. We are now working through the responses and hope to gain Ministerial approval of the new guidance and publish early in the New Year.

Exit Credits: Judicial Reviews

- We are defending two claims for judicial review challenging regulations 1, 3 and 4 of the Local Government Pension Scheme (Amendment) Regulations 2020 (SI 2020/197), how they give retrospective effect to the latest amendments to regulation 64 of the LGPS Regulations 2013.
- The claimant in the Northants case was granted permission by the court on 12 November to proceed to a full hearing and the case is listed to be heard in March.

New actuarial guidance

- Nine new guidance notes are in the process of being issued. As these do not include any changes to factors or methodology, they will take effect from the date of issue.
- The remaining notes require a bit more thought and will be revised as and when we have capacity to look at them.