

LGPC Bulletin 212 – July 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on:

- [Countdown Bulletin 55](#)
- [LGA guides](#)
- [MHCLG consultation on special severance payments](#)

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales

Actuarial guidance queries

We have published a revised log of ongoing queries relating to actuarial guidance. This log shows outstanding queries only. The old log, which includes queries that have been resolved, will be available for a limited period. You can find both logs on the [Actuarial guidance page](#) of www.lgpsregs.org.

MHCLG consultation on special severance payments

The Ministry of Housing Communities and Local Government (MHCLG) has published a consultation on New Best Value statutory guidance covering special severance payments for local authorities in England. You can find the draft statutory guidance and covering letter from MHCLG on the [Scheme consultations](#) page of www.lgpsregs.org.

We published [LGA's initial comments](#) on the [Scheme consultations](#) page of www.lgpsregs.org. Please send any feedback on these comments to query.lgps@local.gov.uk by 12pm on 4 August 2021. This will allow us to finalise our response before the consultation closes on 13 August 2021.

MHCLG welcomes responses from all interested parties. They are particularly keen to receive responses from the bodies listed in the Annex to the covering letter. This list includes public sector scheme employers.

Action for administering authorities

We would be grateful if administering authorities in England could share information about this consultation with the relevant Scheme employers, so they are able to feedback any comments on the LGA's initial response and/or respond to the consultation directly.

MHCLG publishes data on local authority exit payments in England

On 2 July 2021, MHCLG published [Local authority exit payments \(first estimates\)](#) covering payments made by English authorities in 2019-20 and 2020-21. This is the

first summary of the exit payment data submitted by councils. It will be followed by a further publication in the coming weeks. The data shows the average exit payment made in 2020-21 across English local authorities was £26,000.

The file is in OpenDocument format. You may need to convert it into Excel to see the data.

LGA guides updated

We have recently published new versions of the following guides:

- HR guide (v4.2)
- Payroll guide (v4.2).

You can find these guides on the [Employer guides and documents](#) page of www.lgpsregs.org.

Action for administering authorities

Please let your Scheme employers know about the latest versions of the HR and payroll guides.

LGPS Scotland

Actuarial guidance queries

We have published a revised log of ongoing queries relating to actuarial guidance. The log can be found on the [Actuarial guidance](#) page of www.scotlgpsregs.org. Currently there are no outstanding queries relating to Scottish actuarial guidance. Going forward we will keep a separate query log for Scotland which will be published on this page.

HMRC

Consultation response, policy paper and draft legislation on increasing NMPA published

On 20 July 2021, HM Treasury published [their response to the consultation on implementing the increase to the normal minimum pension age \(NMPA\)](#) See [bulletin 209](#) for more information.

On the same day, HMRC published [a policy paper and draft legislation](#). The draft legislation will be part of the next Finance Bill and will amend the Finance Act 2004. The legislation increases the NMPA from 55 to 57 on 6 April 2028 and provides for protected pension ages.

The changes will not affect members who:

- are retiring due to ill health
- have a protected pension age
- are members of the firefighters, police and armed forces public service schemes.

Though the Finance Act 2004 will provide for protected pension ages, it will be up to MHCLG and SPPA whether, in the Scheme's rules, to allow LGPS members to receive payment of benefits between 55 and 57. We have raised this issue with MHCLG and SPPA.

The response confirms two changes to the position set out in the original consultation:

- if a member qualifies for a protected pension age in a pension scheme and transfers those benefits (not under a bulk transfer) into a different scheme which also contains a protected pension age (including individual and bulk transfers), the member will retain their protected pension age in the receiving scheme. The retained protection will, however, not apply on other benefits the member has in the receiving scheme: the transferred-in benefits will need to be ringfenced. Bulk transfers were already covered in the original consultation.
- there will be a window to allow individuals to join pension schemes which offer a protected pension age lasting up to 5 April 2023.

Countdown Bulletin 55

On 26 July 2021, HMRC published [Countdown bulletin 55](#). It has updates on:

- the closure of Scheme Cessation and Scheme Reconciliation eRooms, which will start from 1 September 2021
- administering authorities have until 31 July 2021 to request their final data cut
- how to raise queries with HMRC.

Action for administering authorities

Check the data held in your eRooms and make copies of any information needed for ongoing administration.

If you have not already done so, request your final data cut before 1 August 2021.

Pension Scheme Pays reporting: information and notice deadlines

On 20 July 2021, [HM Revenue and Customs \(HMRC\) published a policy paper and draft regulations](#) proposing to extend the mandatory scheme pays deadline for members whose pension input amount is retrospectively changed.

The proposal has been made because of the McCloud remedy, where members annual allowance position for a previous tax year may be retrospectively changed. Though, HMRC confirms that the proposal will not be restricted to just these cases.

The proposal will extend the scheme pays deadline where:

- the administrator gives information to the member about a change to the pension input amount on or after 2 May in the year following that in which the relevant tax year ends, and before the end of the six-year period beginning with the end of the tax year, and
- as a result of the change, the member qualifies to elect for mandatory scheme pays.

In these cases, it is proposed that the member must give the scheme pays election the earlier of:

- within three months from being given the information about the change
- before the end of the six-year period beginning with the end of the relevant tax year.

In other cases, the deadline remains 31 July in the year following that in which the tax year ends.

Consequently, the draft regulations also propose amending the deadline by which the administrator must report and pay the charge to HMRC. It is proposed that administrators will need to report the charge on the Accounting for Tax return for the quarterly period following that in which the administrator receives the scheme pays election (though schemes will continue to be able to include the charge on a return for an earlier period). This proposal will apply to all scheme pays elections (not just those resulting from a retrospective change).

It is intended that the changes will commence on 6 April 2022 with retrospective effect to 6 April 2016.

HMT

Public Service Pensions and Judicial Offices Bill

On 19 July 2021, HM Treasury formally introduced to Parliament the [Public Service Pensions and Judicial Offices Bill](#).

The Bill makes provision to rectify the unlawful age discrimination identified by the McCloud judgment.

For the LGPS, Chapter 3 of Part 1 confirms which members will be in scope and what service is 'remediable'. Enabling legislation will allow for scheme regulations to be changed to implement the McCloud remedy.

The Bill is now awaiting its second reading in the House of Lords on 7 September 2021.

DWP

OPSC formed

The Department for Work and Pensions (DWP) has recently set up the Occupational Pensions Stewardship Council (OPSC), which aims to promote and facilitate high standards of stewardship of pension assets.

The Council aims to develop a stronger overall voice of trustees within the market, especially in relation to service providers. It also enables opportunities for schemes to collaborate on stewardship activities such as shareholder resolutions, climate change, corporate governance and other topics.

So far, twenty-eight pension schemes have signed up, including some LGPS administering authorities and pools.

For more information, visit [OPSC's page](#) on www.gov.uk.

Stronger nudge to pensions guidance consultation

On 9 July 2021, [DWP launched a consultation on draft regulations](#) that will require occupational pension schemes, in most situations, to nudge members aged 50 or above applying to access, or to transfer out for the purposes of accessing, their benefits.

The regulations will require pension schemes to explain the nature and purpose of Pension Wise guidance and facilitate the booking of a Pension Wise appointment as part of the application process. The regulations will also require the member to have confirmed that they have received the guidance or opted out of receiving it before the scheme can action the application.

It appears that the draft regulations will apply to LGPS members with AVCs.

The regulations will implement the duty set out in section 19 of [the Financial Guidance and Claims Act 2018](#).

The consultation applies to England, Wales and Scotland. It is anticipated that Northern Ireland will make corresponding regulations.

We will respond to the consultation before it closes on 3 September 2021. You can find the consultation document and links to the gov.uk webpage on the:

- [non-scheme consultations](#) page of www.lgpsregs.org
 - [non-scheme consultations](#) page of www.scotlgpsregs.org.
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TPO

TPO's term of office extended

The DWP has confirmed that it has extended the term of Anthony Arter as The Pensions Ombudsman (TPO) for another year.

In a [letter to Work and Pensions Committee Chair Stephen Timms](#), Minister for Pensions and Financial Inclusion, Guy Opperman stated that Mr Arter's term will be extended for a period of 12 months from 1 August 2021. This is because, following interviews, no candidates have been identified as appointable.

TPR

Automatic enrolment detailed guidance

In June 2021, the Pensions Regulator (TPR) updated its [Automatic enrolment detailed guidance](#). The guidance has been updated to remove:

- out of date content relating to an employer's staging date
- the effect on the qualifying person exception as a result of the changes to the cross-border pension requirements following the UK's exit from the EU.

Climate-risk reporting guidance consultation

On 5 July 2021, TPR launched [a consultation on climate-risk reporting guidance](#).

The guidance is aimed at pension schemes who will be required to meet the new climate-risk reporting regulations (see [Bulletin 211](#)). The guidance describes what schemes need to do and report on to comply.

Though the regulations do not apply to the LGPS, the guidance says that:

“decision-makers at Local Government Pension Schemes, may wish to follow this guidance to improve the governance and resilience of their schemes in relation to climate change.”

The consultation closes on 31 August 2021.

Equality Diversity and Inclusion Strategy

On 23 July 2021, [TPR published a blog on its Equality Diversity and Inclusion Strategy](#). The strategy has been developed with the help of organisations from across the industry.

TPR wants the strategy to be ambitious, significant and inspire change. They want to:

- be a fairer, more diverse and more inclusive employer
- influence the reduction of pension inequality within their regulatory remit
- promote high standards of equality, diversity and inclusion among the regulated community.

Governance and Administration Survey 2020–21 results

TPR published [the results from the Public Service Pension Scheme Governance and Administration Survey 2020-21](#) on 1 July 2021.

The survey was conducted online between January and March 2021 and aims to track governance and administration practices among public service pension schemes. The 2020-21 survey also included new questions on response to the pandemic, pensions dashboards and, for LGPS respondents, action taken in relation to climate-related risks and opportunities.

The survey found little change since 2019 for the key processes that TPR monitors as indicators of performance. Two-thirds of LGPS administering authorities who responded to the survey had all six processes in place. The six key processes are:

- have a documented policy to manage board members’ conflicts of interest
- have access to the knowledge, understanding and skills needed to properly run the scheme
- have documented procedures for assessing and managing risk
- have processes to monitor records for accuracy and completeness
- have a process for resolving contribution payment issues
- have procedures to identify, assess and report breaches of the law.

The results also show improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time. Unsurprisingly, most schemes identified implementing the McCloud remedy as a significant risk. Governance has generally stood up well given the unique challenges the last year has presented.

Other news and updates

Actuarial, Benefits and Governance Consultancy Services Framework

On 1 July 2021, the National LGPS Frameworks launched the

[Actuarial, Benefits and Governance Consultancy Services Framework 2021](#).

The framework is available for use by all LGPS funds, employers and Pools (and other public sector schemes) until 30 June 2025.

There are 10 providers on the Framework split across five lots:

- lot 1 - actuarial services
- lot 2 - benefit consultancy
- lot 3 - governance consultancy
- lot 4 - funding risk advisory services
- lot 5 - consultancy services on support specialist projects.

If you would like more information or copies of the supporting documentation (including provider catalogues and guidance notes) or you have a query about this or any other framework, please email: NationalLGPSframeworks@norfolk.gov.uk.

Colleague bereavements

Nigel Dowey

It is with great sadness that we inform you of the passing of Nigel Dowey. Nigel passed away on 26 May 2021, just a few days after his 61st birthday. Nigel retired from his role as pensions administration manager at Derbyshire Pension Fund in July 2020. He was a valued member of the LGPS community for many years and will be greatly missed.

Brian Town

It is also with great sadness that we inform you of the passing of Brian Town. Brian passed away on 20 May 2021, aged 71. Brian joined the pensions team at the then Office of the Deputy Prime Minister, now MHCLG, in 1990 and was a valued and respected member of the team. He worked closely with the LGPS community until

his retirement. Brian's family have asked that any donations in Brian's memory be sent to either the British Heart Foundation or Macmillan.

GMP equalisation top up transfer payments

We are aware administering authorities are being asked to accept top up transfer payments because the sending scheme has implemented GMP equalisation. We do not yet know if it is possible to accept these payments.

We met with GAD and MHCLG to discuss this and agreed that it would be preferable for a consistent policy to be adopted across all public service pension schemes. MHCLG will now liaise with HM Treasury.

The Lloyds judgment does not set out how an incoming top up payment should be converted into scheme benefits. If the payments are to be accepted, administering authorities will need guidance on how the transfer in calculation would work, what it buys, what factors to use etc. Consideration will also need to be given to what happens in cases where the member has no benefits left in the LGPS because they died, trivially commuted or transferred to another scheme.

We will keep you updated.

LGA responds to dashboard staging Call for Input

On 5 July 2021, Jayne Wiberg emailed administering authorities to let them know that we have published our response to the [Pensions Dashboards Programme Staging Call for Input](#).

The Call for Input closed on 9 July 2021. You can read the draft response on:

- [the non-scheme consultations](#) page of www.lgpsregs.org
- [the non-scheme consultations](#) page of www.scotlgpsregs.org.

Local Government Pensions Committee

The Committee met virtually on 10 May 2021 and discussed:

- consolidation of academies
- exit payment data
- TPR's new code of practice
- McCloud
- cost cap
- good governance project
- responsible investment project
- climate risk and reporting

- planned regulatory changes in Scotland and Northern Ireland.

You can find draft minutes of the meeting on the [LGPC meeting page](#) of www.lgpsregs.org and the [LGPC meeting page](#) of www.scotlgpsregs.org.

PASA launches journey to full eAdministration guidance

On 21 July 2021, the Pension Administration Standards Association (PASA) announced the launch of '[The Journey to Full eAdministration Guidance: People and Technology Working Together](#)'.

The guidance sets out four key stages for pension schemes, including upgrading systems and automating calculations and reporting. Kim Gubler, Chair of PASA, said:

“To meet the mandatory requirement to submit electronic data to the pensions dashboards by 2023, schemes need to start investing and planning now. Our new guidance aims to effectively partner with every scheme as it moves through its own journey, helping to prioritise and assess where investment is required to improve service delivery and member end-user experience.”

PASA publishes Counter Fraud Guidance

On 1 July 2021, the Pension Administration Standards Association (PASA) published its [Counter Fraud Guidance](#).

The guidance provides pension schemes with information on the different types of pension fraud and what they need to do to counter them.

PLSA consultation on new RIQM

On 30 June 2021, the Pensions and Lifetime Savings Association (PLSA) opened a [consultation on a new Responsible Investment Quality Mark \(RIQM\)](#).

The intention is to recognise pension schemes that meet the highest standards for incorporating environmental, social and governance (ESG) factors across their operations.

The consultation closes on 3 September 2021.

SAB no longer collecting death data

The Scheme Advisory Board (SAB) for England and Wales has stopped collecting data from administering authorities, with effect from April 2021 onwards.

SAB collected pensioner death data from February 2020 to March 2021 to help understand the impact of COVID-19 on the LGPS. SAB has published a summary of the data on [their Covid-19 Mortality](#) page on [the Board's website](#).

Training

Fundamentals training programme

We are pleased to announce that our Fundamentals training programme will resume this year. The training will take place in three locations: London, Leeds and Cardiff. The London sessions will be hybrid, so delegates will have the choice of attending in person or virtually. The sessions in Leeds and Cardiff will be face to face only. Places are filling up fast, so use the links below to book your place now.

About

Fundamentals is a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, a variety of officers who attend or support committees and representatives of private sector organisations that provide services to administering authorities. The course delivers a scheme overview and covers current issues relating to administration, investment and governance in the LGPS.

Attending all three days will assist delegates in meeting the requirement for knowledge, skills and understanding that is either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their field. The events also provide delegates with valuable networking opportunities. Each day's programme will start at 10am, with registration and coffee from 9:30am, and close by 4pm with refreshments and lunch provided. For full details see the [Fundamentals training programme](#).

Cost and booking

The cost of each session is:

- £270 plus VAT for face to face training. The cost includes lunch, refreshments and all delegate materials
- £220 plus VAT for virtual attendance (London only). Please use the promotional code HYB for on-line attendance on the booking page to activate the reduced rate.

You will need to make bookings for virtual attendance separately from any face to face bookings in order to use the code.

We recommend early booking because places are limited. You can only book through the [LGA events page](#). We have provided links to each event below for your convenience.

[12 October: Day 1 London](#) Etc Venues – use code HYB for online

[21 October: Day 1 Leeds](#) Park Plaza Hotel

[26 October: Day 1 Cardiff](#) Marriott Hotel

[9 November: Day 2 London](#) Etc Venues – use code HYB for online

[18 November: Day 2 Leeds](#) Park Plaza Hotel

[23 November: Day 2 Cardiff](#) Marriott Hotel

[2 December: Day 3 London](#) Etc Venues – use code HYB for on-line

[8 December: Day 3 Leeds](#) Park Plaza Hotel

[15 December: Day 3 Cardiff](#) Marriott Hotel

LGPS Governance Conference 2022

We are pleased to announce booking is open for the LGPS Governance Conference 2022.

The title of the conference is 'Climate forecast for the LGPS; (Mc)Cloudy or bright?'. [See our flyer for more details.](#)

The conference is taking place on 20-21 January 2022 in Bournemouth. You can attend the conference in person or join us online.

The conference is aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trades union representatives, member and employer representatives, as well as a variety of officers who attend and support committees.

You can book and view the programme and current list of confirmed speakers using the links below:

- [attending in person](#)
- [attending virtually](#).

Wider landscape

New PLSA chair appointed

The Pensions and Lifetime Savings Association (PLSA) announced on 7 July 2021 that Emma Douglas will become its new Chair on 14 October 2021, succeeding the outgoing Chair, Richard Butcher.

See [the press release](#) for more information.

Useful links

[LGA Pensions page](#)

[LGPS member website \(England and Wales\)](#)

[LGPS member website \(Scotland 2015\)](#)

[LGPS Advisory Board website \(England and Wales\)](#)

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

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Further information

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