

LGPC Bulletin 218 – December 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

This bulletin contains important updates for all LGPS stakeholders. It includes the following important articles which need action by certain stakeholders:

- [Scotland Bulletin 217](#) explaining the regulatory changes over the past 3 years
- [SPPA extends consultation response deadline](#) to 21 January 2022 on draft amendment regulations
- [Pension scams: new restrictions on transfers](#), ensure your processes and communications are up to date
- [Pensions dashboards – A to Z industry guide](#), start preparing for pensions dashboards
- [Pensions dashboards data matching guidance published](#), start to review personal data

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

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LGPS England & Wales Scheme Advisory Board (SAB)

Scheme member representation in asset pools

On 17 December 2021, the SAB [expressed its disappointment](#) that ACCESS, which is an LGPS asset pool, continues not to have adopted SAB's policy on including member representation in its governance arrangement.

The SAB strongly urges representatives of the fund authorities to re-consider the position and to extend its governance arrangements to include scheme member representation, either as full members with or without voting rights, or as observers.

UN letter about investments in the Israeli settlement economy

At its meeting on 13 December 2021, the SAB discussed the letter from Michael Lynk, United Nations Special Rapporteur on the Palestinian Territories. Mr Lynk sent the letter to LGPS committee chairs in November 2021, which we covered in [Bulletin 216](#). The SAB [has agreed](#) that the Chair and Vice Chair will engage with the chair of the Local Authority Pension Fund Forum (LAPFF) to discuss a response. The SAB also agreed for the secretariat to liaise with Mr Lynk to arrange a meeting early in the new year.

LGPS England & Wales

DLUHC consultation on Oasis consolidation

On 9 December 2021, the Department for Levelling Up, Housing and Communities started a second consultation on the proposed consolidation of Oasis multi-academy trust into one LGPS fund. Oasis currently participate in 16 LGPS funds.

An initial consultation took place between 1 and 30 June 2021. However, a second consultation is taking place to allow those affected by the proposal more time to consider and respond.

The consultation is only open to those bodies appearing to be affected by the proposed consolidation. It closes on 17 February 2022.

Section 13 report

On 16 December 2021, DLUHC published [GAD's report on the 2019 fund valuations](#). The report is required by section 13 of the Public Service Pensions Act 2013.

The Government Actuary's Department (GAD) found the scheme's financial position had strengthened since its previous review in 2016, on the back of buoyant

investment returns between 2016 and 2019. Also, LGPS funds have made progress against the 2016 review recommendations.

The main findings are:

- Compliance - fund valuations were compliant with relevant regulations.
- Consistency - funds implemented GAD's 2016 recommendation to provide a standard dashboard to aid readers when comparing of results for different funds. However, differences in methodology and assumptions do mean that a like for like comparison is not straightforward.
- Solvency - the size of pension funds has grown considerably more than local authority budgets since 2016, so there's an increased risk of strain on employers from any future funding changes.
- Long-term cost efficiency - where relevant, funds had generally acted on GAD's 2016 recommendations on operating plans to close any deficit funding gaps. GAD highlighted four funds they are concerned about the level or trajectory of employer contributions and the implications for taxpayers.

Next steps

GAD's recommendations for funds or the Scheme Advisory Board to consider during the local valuations in 2022 include:

- improve consistency in the approach to assessing emerging and existing key issues, such as recent legal judgements and setting employer contributions for new academies
- ensuring deficit recovery plans can be demonstrated to be a continuation of the previous plan
- continue with ongoing improvements on transparency through an expanded valuation dashboard
- review the governance around asset transfer arrangements from local authorities.

SF3 revised statistics released

On 21 December 2021, DLUHC published [revised SF3 statistics](#) for 2020/21.

DLUHC published the SF3 statistics for 2020/21 on 27 October 2021, which we covered in [Bulletin 215](#). The statistics were based on data provided by 83 of the 85 administering authorities, which in some cases was based on provisional accounts data. Where data was based on provisional accounts, authorities were asked to submit revised data if their audited figures were significantly different.

Since then, DLUHC has received the data from two authorities who did not provide it in time for the October 2021 release. Also, DLUHC received revised data from a further six authorities. This data is reflected in the revised SF3 statistics.

LGPS Scotland

Scotland bulletin 217

On 9 December 2021, Steven Moseley emailed administering authorities in Scotland to let them know we have published [Scotland bulletin 217](#).

The bulletin gives a commentary on the changes made by the following regulations:

- [Local Government Pension Scheme \(Scotland\) Regulations 2018](#) [2018/141]
- [Local Government Pension Scheme \(Miscellaneous Amendments\) \(Scotland\) Regulations 2019](#) [2019/161]
- [Local Government Pension Scheme \(Miscellaneous Amendments\) \(Scotland\) Amendment Regulations 2019](#) [2019/204]
- [Local Government Pension Scheme \(Miscellaneous Amendments\) \(Scotland\) Regulations 2020](#) [2020/31]
- [Parental Bereavement Leave and Pay \(Consequential Amendments to Subordinate Legislation\) Regulations 2020](#) [2020/354].

Action for administering authorities

Ensure that your processes, and those of your employers, and communication materials are in line with the changes explained in the bulletin.

SPPA extends consultation deadline on draft amendment regulations

On 21 December 2021, Victoria Antcliff from the Scottish Public Pensions Agency (SPPA), emailed administering authorities confirming that the consultation on the Local Government Pension Scheme (Scotland) (Amendment) Regulations 2021 will close on 21 January 2022, rather than on 7 January 2022.

SPPA launched the consultation on 1 November 2021, which we covered in [Bulletin 216](#). You can view the consultation documents on [the Scheme consultations](#) page of www.scotlgpsregs.org.

We will submit a response and share this in advance of the closing date.

Action for administering authorities

Please publicise the consultation and the new closing date of the consultation to your scheme employers.

DWP

DWP launch second review of State Pension age

[The review](#) was launched on 14 December 2021. It will consider if the State Pension age (SPa) rules are still appropriate based on the latest life expectancy data and other evidence.

The Pensions Act 2014 requires Government to regularly review SPa and for the latest review to be published by 7 May 2023.

Two independent reports will be commissioned as part of the review:

- the Government Actuary will provide a report assessing the appropriateness of SPa considering the latest life expectancy projections
- Baroness Neville-Rolfe will provide a report on other relevant factors including recent trends in life expectancy and other metrics.

Evidence from across the UK will be considered in the review.

Other news and updates

AVCs and salary sacrifice

In [Bulletin 213](#) we let you know that we had published two guides setting out what administering authorities and employers need to be aware of in relation to salary sacrifice shared cost AVCs. One guide is for England and Wales, the other is for Scotland.

The guides contain a list of providers that offer salary sacrifice shared cost AVCs. It has come to our attention that Scottish Widows should not be listed whereas Clerical Medical should. We will update the guides in due course.

FCA publishes rules for stronger nudge towards Pension Wise guidance

On 1 December 2021, [the Financial Conduct Authority \(FCA\) published its final rules](#) requiring pension schemes regulated by them to provide a stronger nudge to Pension Wise guidance, effective from 1 June 2022.

The Department for Work and Pensions (DWP) consulted on draft regulations, which will implement similar requirements for other pension schemes, such as the LGPS. The consultation closed on 3 September 2021 and we are waiting for the DWP to publish its response. You can access the consultation documents and our response on the non-scheme consultations pages of www.lgpsregs.org and www.scotlgpsregs.org.

Job opportunity at the LGA

We are recruiting for an [LGPS Pensions Adviser - Employers](#).

The successful candidate will lead on the provision of support, guidance and training to LGPS employers. This post is offered as a home or office based contract. The closing date is 3 January 2022.

If you have any questions or would like to discuss the role informally, please contact Lorraine.bennett@local.gov.uk.

LGPC minutes

On 20 December 2021, we published the draft minutes of the Local Government Pensions Committee (LGPC) meeting held on 13 December 2021. These are found on the LGPC minutes pages of www.lgpsregs.org and www.scotlgpsregs.org.

Topics discussed included:

- pensions tax relief
- government response to the pensions scam consultation
- letter from Michael Lynk, United Nations Special Rapporteur on the Palestinian Territories to administering authorities
- annual report survey
- Scheme Advisory Board membership representing academies
- cost management committee report concerning the McCloud remedy
- updates from LGPS Scotland, LGPS Northern Ireland and National LGPS Technical Group.

The minutes will be agreed at the next meeting on 7 March 2022.

National LGPS Technical Group minutes

On 17 December 2021, we published the minutes of the National LGPS Technical Group meeting held on 7 December 2021. These are found on the Technical group pages of www.lgpsregs.org and www.scotlgpsregs.org. Topics discussed included:

- McCloud preparations
- Pensions Dashboards

- the Conditions for Transfers Regulations 2021 and the impact on administering authorities processes and communications
- producing a standard process and communications for administering authorities to use when they receive a data subject access request
- the agreement to produce an historical timeline of pension scam information to help administering authorities deal with transfer out complaints
- the decision not to recommend changing the LGPS regulations to include emoluments for electric vehicles as pensionable
- an update about the poor level of service from Prudential.

The next meeting will be held on 11 March 2022.

Pension scams: new restrictions on transfers

On 17 December 2021, Jayne Wiberg emailed administering authorities to let them know we published version 2.0 of the non-club transfers out technical guide, alongside template letters. These can be accessed on the Administrator guides and documents pages of www.lgpsregs.org and www.scotlgpsregs.org.

The guide is updated to reflect [the Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021 \('the regulations'\)](#). See [Bulletin 216](#) for more information.

The regulations do not replace existing due diligence processes, which we recommend should be in line with the Pension Scams Industry Group's ['Combating Pension Scams: Code of Best Practice'](#). The regulations build on this.

The regulations apply to the payment of cash equivalent transfers for:

- deferred members who request a statement of entitlement on or after 30 November 2021 (main scheme benefits only)
- AVC members who elect for payment of a transfer on or after 30 November 2021
- pension credit members who elect for payment of a transfer on or after 30 November 2021 (main scheme and / or AVCs).

The regulations do not apply to the payment of cash transfer sums ie deferred refunds, nor to pensions on divorce transfers.

Although, the guide does not cover qualifying recognised overseas pension schemes (QROPS) or AVC transfers, the new regulations apply in a similar way to these as they apply to other transfers. The main differences are:

- for transfers to QROPS, members need to demonstrate [a residency link](#) to the country in which the QROPS is based, or, where the QROPS is an occupational pension scheme, either the residency link or employment link
- for AVC transfers, you must let the member know about the new regulations within one month of receiving the election to transfer.

We will be setting out more details about how the new regulations apply to QROPS and AVC transfers in due course.

To support administering authorities in applying the new regulations, we have revised our existing acknowledgement letter and created three new template letters, that you can also use for transfers to QROPS and transfers of AVCs.

Information to be provided to member upon initial enquiry (version 2.0)

The new regulations require administering authorities to notify deferred members applying for statements of entitlement on or after 30 November 2021, that the transfer can only proceed if there are no red flags present or the transfer is to a public service scheme, master trust or collective money purchase scheme. Administering authorities must notify the member within one month of the application. We have updated this letter to include this information.

Information to be provided on payment request of AVCs or pension credits (version 1.0)

The new regulations require administering authorities to notify members who elect to transfer their pension credit benefits or AVCs on or after 30 November 2021, that the transfer can only proceed if there are no red flags present or the transfer is to a public service scheme, master trust or collective money purchase scheme. Administering authorities must notify the member within one month of the election. This letter sets out this information.

Information to be provided on transfer payment (version 1.0)

Once administering authorities have decided about whether the transfer can proceed taking into account the new regulations, they must notify the member. If administering authorities decide that the transfer can proceed, they must notify the member by no later than the date they write to the member confirming that they have paid the transfer. This letter provides this confirmation.

Refusal to transfer (version 1.0)

If administering authorities decide that there are red flags present so they must stop the transfer and notify the member within seven working days of their decision. This letter sets out what you need to tell the member if you decide to stop the transfer.

Action for administering authorities

You will need to review the guide and correspondence to ensure that your transfer-out process is in line with the new regulations.

Pensions dashboards – A to Z industry guide

On 16 December 2021, the Pensions and Lifetime Savings Association published [an A to Z industry guide](#) containing decisions that are required to make the initial pensions dashboards a success. The guide looks at seven key areas covering:

- testing and managing savers' understanding
- integrated service provider technical connections with the digital architecture and dashboards
- GDPR compliance
- clarity on the liability regime
- the definition of view data to be returned
- clarity on the timeline
- regulation of data provision.

The guide is intended to help the people engaged with preparing for pensions dashboards, better understand the key issues to be assessed and resolved.

Action for administering authorities

Administering authorities should review the guide and start preparing for pensions dashboards.

Pensions dashboards – commercial dashboard providers

On 15 December 2021, [the Pensions Dashboard Programme \(PDP\) announced](#) that it has selected three potential dashboard providers to take part in initial development of the dashboards ecosystem: Aviva, Bud and Moneyhub.

In addition to the Money and Pensions Service's non-commercial dashboard, PDP will work with these companies to support the early work on design standards and technology.

Pensions dashboards - blog recaps developments in 2021

On 16 December 2021, Chris Curry, Principal of the Pensions Dashboard Programme (PDP), published [a blog recapping the developments in 2021](#).

In the blog, Chris urges all pension providers to work on their data, so that it is clean, up to date, online and accessible.

Pensions dashboards – data matching guidance

On 7 December 2021, the Pensions Administration Standards Association (PASA) [published initial guidance](#) on the choice of data matching convention, schemes must make ahead of their compliance with the upcoming pensions dashboards legislation.

The guidance details how every pension scheme must choose how they wish to compare ‘find requests’ from dashboard users against the member records they hold. Choice of matching will depend on the accuracy of the personal data held by administering authorities, across all of their deferred and active member records.

The initial guidance does not completely resolve the matching challenges. Questions about liability and maybe matches remain outstanding. Though this is an important step in helping administering authorities prepare for dashboards.

Action for administering authorities

Administering authorities should review the accuracy of the personal data values held for all active and deferred members.

Training

LGPS Governance Conference 2022

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:

- [book to attend in person](#)
- [book to attend virtually.](#)

Wider landscape

McCloud – National Health Service and Teachers Pension Schemes

The Department of Health and Social Care and the Department for Education, are consulting on changes to the [NHS Pension Scheme](#) and the [Teachers Pension Scheme](#) to implement the first part of the McCloud remedy. The consultations propose moving all members, irrespective of their age, into the 2015 CARE schemes on 1 April 2022. The consultations close on 20 and 24 January 2022 respectively.

The second part of the McCloud remedy will look at removing the effect of transitional protection. This will be achieved by offering eligible members a choice over the set of benefits (final salary scheme or 2015 CARE scheme) they wish to receive for any membership during the period 1 April 2015 to 31 March 2022.

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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