

LGPC Bulletin 220 – February 2022

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

This bulletin contains updates for all LGPS stakeholders. It includes important articles on:

- [LGPS Scotland tiered contribution rates for 2022/23](#)
- [DWP consultation on draft pensions dashboards regulations](#)
- [LGPS investments in Russia](#)
- [Proposed amendments to the PSPJO Bill to restrict investment boycotts](#)
- [LGA Head of Pensions](#)

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 Scheme Advisory Board (SAB)

LGPS investments in Russia

The UK Government has sanctions in place and is likely to introduce more as a result of events in Ukraine. The SAB advises any LGPS fund that is not already doing so to consider the implications for their investment portfolios.

Action for administering authorities

Discuss the implications for your investment portfolios of current and potential financial sanctions with pools and asset managers. Decide what prudent action you should take.

LGPS England & Wales

DLUHC Levelling Up White Paper

On 2 February 2022, the Department for Levelling Up, Housing and Communities (DLUHC) published the [Levelling Up White Paper](#). The paper includes the Government's intention to ask LGPS pension funds, working with the asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5 percent of assets invested in projects which support local areas. We understand that 'local' refers to UK projects, rather than to projects local to a particular administering authority.

We expect DLUHC to issue a consultation before the Parliamentary summer recess. We understand that consultation will also cover climate risk and reporting regulations and pooling guidance.

Change to DLUHC email addresses

DLUHC email addresses have changed from @communities.gov.uk to @levellingup.gov.uk. The general contact address is now lgpensions@levellingup.gov.uk. There will be a period of transition during which both domains will work.

Action for administering authorities

Review and update your contact lists as necessary with the new DLUHC addresses.

LGPS Scotland

SPPA publishes Circular 2022/01 – PI review and revaluation order

On 28 January 2022, SPPA published Circular 2022/01. SPPA confirms in the circular that:

- deferred pensions and pensions in payment will increase by 3.1% from 11 April 2022
- the in-service revaluation for the CARE scheme in respect of 2021/22 will be 3.1%.

You can find this and past circulars on:

- the [SPPA circulars and guidance](#) page of www.scotlgpsregs.org, and
- the [LGPS Circulars](#) page of the SPPA website.

SPPA publishes Circular 2022/02 – Tiered contribution rates

On 24 February 2022, SPPA published the tiered contribution rates and guidance for 2022/23. You can view the circular and guidance on the [SPPA circulars and guidance](#) of www.scotlgpsregs.org.

Action for administering authorities

Please share this with your Scheme employers.

HMRC

Pension Schemes Newsletter 137

On 28 February 2022, HMRC published [Pension Schemes Newsletter 137](#). The newsletter contains:

- an article on the impact of the McCloud remedy on members of unfunded public service pension schemes with fixed or enhanced protection, including those who lost that protection on joining a reformed scheme in 2015
- a request that you remind pension scheme members to tell HMRC in writing as soon as possible if they have lost their lifetime allowance protection
- an update on the Managing Pension Schemes service:
 - the feature for migrating pension schemes will be available from 11 April 2022
 - schemes must be [enrolled on the Managing Pension Schemes service](#) to be able to migrate
 - schemes must provide up to date information to migrate. You can find the information in Appendix A of [Pension Schemes Newsletter 136](#)
- an update on submitting Accounting for Tax returns on the Pensions Schemes online service.

HMRC will provide further guidance on the new features being added to the Managing Pension Schemes service on 11 April 2022.

Please email migration.mps@hmrc.gov.uk if you have any questions about or feedback on the Managing Pension Schemes service.

Consultation on reporting deadlines

[HMRC is consulting on draft regulations associated with extending the deadlines for Scheme Pays](#). The (Draft) Registered Pension Schemes (Miscellaneous Amendments) Regulations 2022 are in addition to the changes introduced by the Finance Act 2022.

The changes will apply to members of all UK pension schemes. It will be of particular relevance to public service pension schemes when dealing with members whose pension input amount for a past year is changed as a result of the McCloud remedy.

The Government proposes that the regulations take effect from 6 April 2022. The short consultation will close on 15 March 2022.

Finance Act 2022 receives Royal Assent

The Finance Act received Royal Assent on 24 February 2022. The provisions of the Act relevant to the LGPS are summarised below.

Clause 9: Annual allowance deadlines

Deadlines for electing for scheme pays and associated payment and reporting deadlines will be extended for certain members who are informed of a change in pension input amount for a past pension input period.

Clause 10: Normal minimum pension age

The normal minimum pension age will increase from 55 to 57 from 6 April 2028. This will not apply to members of uniformed services pension schemes. The Act provides for protected pension ages for members who meet the entitlement condition.

We do not yet know whether DLUHC and SPPA intend to amend the LGPS regulations to introduce a protected pension age.

Clause 11: Power to change tax rules related to the McCloud remedy

The Act provides HM Treasury with the power to make regulations to address tax impacts that arise as a result of implementing the McCloud remedy. Different regulations may apply to different public service pension schemes. The regulations will have retrospective effect.

We are still waiting for a final version of the Act to be published. When it is, we will publish more detailed information about the provisions of the Act and its impact on LGPS administering authorities.

DWP

Consultation on draft pensions dashboards regulations

DWP published a [consultation on the draft Pensions Dashboards Regulations](#) on 31 January 2022. The consultation will run for six weeks and close on 13 March 2022. We will be responding to the consultation on behalf of the LGPC and the LGA.

Pensions dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. These draft regulations set the requirements to be met to deliver this and will place a legal duty on pension providers to provide information to the dashboards.

The consultation proposes a staging deadline of the end of April 2024 for public service pension schemes, including the LGPS. This means that LGPS administering authorities will need to be able to connect to the digital architecture by this date and be ready to provide individuals' data to them via the dashboards.

Our response will express concern about LGPS administering authorities' ability to meet the staging deadline given the other pressures they face.

We expect the McCloud remedy regulations to come into force from 1 October 2023. LGPS administering authorities will already be under huge pressure at this time to revisit calculations in respect of leavers since 1 April 2014, including:

- recalculating member and survivor pensions, paying arrears and interest
- dealing with the resulting pension tax implications
- recalculating deferred benefits and concurrent calculations
- exchanging service information with other administering authorities for members who have transferred
- potentially re-visiting past trivial commutation payments, CETVs, death grants and Club transfers.

For these reasons, our response will state that we are doubtful that a staging deadline of April 2024 is achievable. The draft regulations allow schemes to defer their staging date but this is only allowed in specific circumstances.

We will raise other concerns in our response, including:

- The exclusion of deferred refunds from dashboards will make the system less effective at achieving the Government's aim of reuniting people with lost pensions.
- Although a longer period is allowed to respond to a request from a recent joiner, the rules do not appear to cater for the fact that administrators may not have been informed about the new joiner.
- It is not clear what value data must be supplied in respect of a member who has not yet met the vesting period.
- Some of the provisions in the draft regulations are very different from the rules that the LGPS must currently follow. Statements for deferred LGPS members are not covered by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. Signpost data must be returned immediately after the scheme receives a view request. Signpost data includes 'the scheme's implementation statement', a statement that LGPS administering authorities are not currently required to publish. The information contained in an implementation statement is likely to be replicated in an annual report.
- The value data that must be returned will generally be included in a benefit statement for active members. We do not know whether any figures relating to the McCloud remedy will have to be included in annual benefit statements. This could delay the progress on developments and preparations for dashboards until we have seen final regulations.

We will share our full response before the consultation closes on 13 March 2022.

Draft Standards

Standards will provide further detail on how schemes and dashboards providers must comply with their legislative duties. MaPS standards will cover:

- **Data:** data elements and formatting requirements that schemes must follow when returning data to members via dashboards
- **Technical:** covering how dashboards must connect to MaPS and pension schemes
- **Design:** how view data must be presented on the dashboards
- **Reporting:** what information schemes must keep and report to MaPS and regulators in relation to compliance and performance.

The PDP has published [supporting information for DWP consultation](#) which includes early information on each of these standards. The PDP will consult on standards later in 2022.

DWP Webinars

The DWP delivered a series of [webinars to assist with responses to the consultation](#). You can watch recordings of those webinars via the PDP website.

Action for administering authorities

Consider what action you can take now in preparation for pensions dashboards. Submit a response to the consultation, including your views on the proposed staging date of 30 April 2024.

State Pension age review: call for evidence

Under the Pensions Act 2014, the Government must undertake a review of the State Pension age every six years. The report for the next review must be published by 7 May 2023. As part of this, the Government has commissioned Baroness Neville-Rolfe to prepare an independent report making recommendations to the Government on what metrics it should consider when setting the State Pension age in future.

On 9 February 2022, DWP launched a call for evidence to gather views on this subject to feed into Baroness Neville-Rolfe's report. The [independent report call for evidence](#) will close on 25 April 2022.

The call for evidence seeks views from members of the public and all interested parties on various points including:

- intergenerational fairness
- notice periods for State Pension age changes
- changes in working patterns
- predicted future changes to the workplace
- sustainability and affordability
- options for taking into account differences in circumstances when setting State Pension age
- what metrics should be considered to determine State Pension age.

Automatic enrolment trigger remains the same

DWP has published its [review of the automatic enrolment trigger for 2022/23](#). The earnings trigger will remain at £10,000. This is a real term decrease in the value of the trigger. The Government estimates this will bring 17,000 more savers into pension savings compared with increasing the trigger in line with average wage growth.

TPO

New factsheets published

The Pensions Ombudsman (TPO) has published three new member factsheets this month:

Pension scams: what a member should do if they think they have been scammed and what TPO can do if they have a complaint about a scam.

Ill health pensions: general information about ill health pensions and how to make a complaint.

Death benefits: general information about death benefits and how to make a complaint.

You can find these and other TPO publications on the [Publications page of the TPO website](#).

If you would like to receive regular updates from TPO about publications and other news, please contact stakeholder@pensions-ombudsman.org.uk.

Launch of Pensions Dishonesty Unit

TPO has established a Pensions Dishonesty Unit in response to recent high value determinations. The Unit will investigate allegations of serious breaches of trust, misappropriation of pension funds and dishonest or fraudulent behaviour by pension scheme trustees. You can read more about the [TPO Pensions Dishonesty Unit](#) on the TPO website.

Other news and updates

LGA Head of Pensions

As many of you will be aware, Jeff Houston is retiring from the role of Head of Pensions at the LGA and Secretary to the Local Government Pension Scheme Advisory Board (SAB) in England and Wales on 31 March 2022.

We are pleased to confirm that following a competitive recruitment exercise Joanne Donnelly will be taking over the role from 1 April 2022. Jo will be known to many of you through her existing role as Senior Pensions Secretary at the LGA and Deputy SAB secretary. She previously worked at HM Treasury.

Amendment to PSPJO Bill to restrict investment boycotts

Robert Jenrick MP tabled an amendment to the Public Service Pensions and Judicial Offices Bill (PSPJO). The amendment was passed on 22 February 2022.

The amendment will allow the responsible authority to issue guidance to administering authorities instructing them not to make investment decisions that conflict with the UK's foreign and defence policy. The responsible authority for the LGPS in England and Wales is the Secretary of State and the responsible authority for LGPS Scotland is Scottish Ministers.

Further measures in this area will be introduced by the Boycotts, Divestment and Sanctions Bill which is expected during this Parliament. You can read more about the [Boycotts, Divestment and Sanctions](#) Bill and this amendment on the [SAB website](#).

Communications Working Group minutes published

We have published the minutes of the Communications Working Group meeting that took place on 11 January 2022. At the meeting the group discussed:

- working practices as a result of the pandemic
- the launch of the new member website
- digital engagement
- scam prevention and new transfer rules
- member communications related to the McCloud remedy.

You can find the minutes from this and earlier meetings and the Group's workplan on the:

- [Communications Working Group](#) page of www.lgpsregs.org and
- [Communications Working Group](#) page of www.scotlgpsregs.org.

Template privacy notices updated

We have published new versions of the long and short template privacy notices.

We asked Squire Patton Boggs to update the notices following the introduction of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. The updated notices cover administering authorities requesting additional information to rule out pension scam activity as part of a transfer request.

Squire Patton Boggs has stated in both notices that the updates do not necessitate an immediate re-issue of the privacy notice. Administering authorities could update the notices as part of an annual update. Since the GDPR came into effect, the direction of travel is towards greater transparency. Administering authorities may want to consider:

- how frequently they circulate hard copies of the privacy notice to members
- in what circumstances they circulate hard copies to members and
- how they will bring the latest version of the privacy notice to members' attention.

You can find version 5 of the template full privacy notice and version 4 of the template summary privacy notice on the:

- [Administrator guides and documents](#) page of www.lgpsregs.org and
- [Administrator guides and documents](#) page of www.scotlgpsregs.org.

Pension scams prevention: proposed rule changes

The DWP has confirmed that it may make changes to [The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) that came into force in November. The changes would mean that the presence of low-risk overseas investments would no longer constitute an amber flag.

Members must take pension scams guidance from MoneyHelper if any amber flags are identified. An amber flag is currently present if overseas investments are included in the receiving scheme. The transferring scheme must direct members to guidance even if those overseas investments are low risk.

The Government is currently considering what changes could be made that would maintain the primary policy of protecting members from potential scams.

NI database access

We have received a number of recent queries concerning access to the National Insurance (NI) database. In almost all cases, losing access has been due to a local change in IP address.

Users can only access the NI database from approved IP addresses. If you have any problems accessing the NI database, please check with your IT department whether your public facing IP address(es) has changed. If your IP address(es) has changed, please contact query.lgps@local.gov.uk to let us know the new address(es). We will then arrange for your new address to be approved.

PDP appoints Dignity as identity service supplier

The Pensions Dashboards Programme (PDP) has appointed Dignity as its interim identity service supplier. Dignity will deliver the identity service, part of the dashboards' digital architecture.

You can read more about the [appointment of Dignity as identity service supplier to the PDP](#) and the role of the identity service on the PDP website.

Wider landscape

Teachers' Pension Scheme employer contribution grant

On 9 February 2022, the Department for Education updated its [guidance on the teachers' pension employer contribution grant for further education providers](#).

NHS Pension Scheme: changes to member contributions

On 15 February 2022, the Government responded to its consultation on changes to member contributions.

The response sets out the new member contribution structure that will take effect from 1 October 2022. It confirms that:

- members' actual annual rates of pay will be used to determine the amount of member contributions that they pay
 - how the thresholds will be uplifted to reflect pay awards, and
 - the proposals will be phased in.
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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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