

LGPC MEETING – 22 May 2023

Meeting agenda

Item		Timings
1	Welcome, apologies for absence and declarations of interest	11:00
2	Minutes of meeting held on 20 February 2023 – Paper A	11:05
3	Matters arising	11:10
4	LGPC budget – Paper B	11:15
5	Regulations update for England and Wales – Paper C	11:25
6	SAB update for England and Wales – Paper D	11:40
7	Regulations update for Scotland – Paper E	11:55
8	Regulations update for Northern Ireland – Paper F	12:05
9	Technical Group update – Paper G	12:10
10	Training and conference update – Paper H	12:20
11	Any other business - LGPC attendance report	12:25
12	Dates of future meetings 17 July and 4 December	12:30

Paper A: Minutes of meeting held on 20 February 2023 - Hybrid

PRESENT

Cllr John Fuller	Chair, LGA
Cllr Richard Wenham	LGA
Cllr Keith House	LGA
Cllr Doug McMurdo	LGA
Cllr Alan Waters	LGA
Cllr Phil Murphy	LGA
Cllr Bev Craig	LGA
David Murphy	NILGOSC
Kimberly Linge	SPPA
Linda Welsh	SPLG
Alan Wareham	DLUHC
George Graham	SAB representative
Kevin Gerard	Technical Group representative

Secretariat

Lorraine Bennett	LGPC
Joanne Donnelly	Scheme Advisory Board (SAB)
Elaine English	LGPC

Non attendees

Cllr Oliver Ryan	LGA
Cllr Eddie Reeves	LGA

1. INTRODUCTION FROM THE CHAIR

The Chair, Cllr John Fuller [JF], welcomed everybody to the hybrid meeting. He reminded the Committee that the LGPC represents employers' interests in the LGPS, whereas the SAB represents employers and members.

2. APOLOGIES

No apologies for absence were received. No declarations of interest were declared.

3. MINUTES

It was noted that Cllr Oliver Ryan [OR] appeared as an attendee twice and that Linda Welsh [LW] was listed as SPPA instead of SPLG. Subject to these corrections, the minutes of the previous meeting held on 5 December 2022 were agreed.

4. MATTERS ARISING

Lorraine Bennett [LB] informed the Committee that over twenty LGPC subscriptions for 2022/23 remain unpaid. They relate mostly to London Boroughs, although Bedford and Glasgow invoices are also unpaid. The LGA introduced a new finance system in September and there have been significant implementation issues which has meant the finance team has not chased non-payers.

Elaine English [EE] will chase outstanding invoices and provide an update at the next meeting. George Graham [GG] suggested it might be worth emailing the pension committee chairs of the relevant funds.

Cllr Doug McMurdo (DMC) confirmed he will raise the issue of non-payment with the team at Bedford.

5. REGULATIONS UPDATE ENGLAND AND WALES

LB presented the key points from Paper B.

McCloud remedy

JF noted that McCloud has been on the agenda for many years and little progress appears to be being made.

LB informed the Committee that the McCloud remedy legislation will need to be in place by 1 October 2023. DLUHC is yet to respond to underpin consultation that took place in the summer of 2020. The LGA has been told to expect the response in February; however, it keeps getting pushed back each month. There will be a further

consultation on matters not already consulted on in Spring 2023. Final regulations are not expected until September. They will take effect from 1 October 2023. This leaves very little implementation time for administering authorities and software suppliers.

Communication will be key. Administering authorities will need to carefully manage member expectations.

LGA and SAB have created a working group to produce guidance for administering authorities to use if they cannot get the accurate data they need to calculate a member's underpin. The group includes representatives from administering authorities, actuaries, DLUHC, SPPA and LGA. The guidance is currently being finalised and should be published by the end of February.

JF asked if funds could pay affected members an estimated payment on account and sort out the details later. Joanne Donnelly [JD] stated this would make it more difficult for funds in the longer term. Making one payment that is correct is the best method for the member and the administering authority.

TPS McCloud remedy and the LGPS

LB talked through how the McCloud remedy in the TPS means that some teachers will be retrospectively rolled back into the LGPS for the remedy period. The remedy period in the TPS is 1 April 2015 to March 2022. There are around 18,000 teachers in scope. This is a challenging administrative exercise for both the LGPS and TPS.

Cllr Keith House [KH] asked if a risk analysis has been carried out because the regulations will be introduced so close the effective date. The lack of lead in time means the chance of everything going to plan is likely to be relatively low. LB stated that it would be up each administering authority to take account of the risks at a local level. There is no specific feedback from funds on this currently due to timings still being unclear. One of the risks is that administering authorities could be inundated with queries from members in October 2023. The LGA will produce central communications for all administering authorities to use.

Kevin Gerard [KG] reminded the Committee that the number of members expected to receive an addition to their pension is very low. So managing member expectations is very important.

David Murphy [DM] asked if the 1 October 2023 date is moveable. JD confirmed that the date is in primary legislation so cannot be moved.

Tax rules for McCloud remedy laid

HMRC recently consulted on how pension tax will apply to members protected by the McCloud remedy. The regulations aim to ensure that people who are impacted by the McCloud remedy are not adversely affected by the existing tax framework. We will provide a detailed commentary on the impact of the changes to LGPS administering authorities in due course.

Consultation on changing the annual revaluation date

On 10 February, DLUHC, issued a two-week consultation on changing the annual revaluation date in the LGPS from 1 to 6 April. The aim is to remove the impact of inflation on the annual allowance calculation.

Whilst the LGA agrees with the policy, the timing is unfortunate with so much already going on in the sector. Software suppliers have confirmed they will not be able to make the changes in time for the 1 April, so some manual calculations will need to be done in the interim.

GG asked that LGA's response to the consultation mention the administrative impact and how the timing of the change will impact on other work eg McCloud.

JF asked if realigning the revaluation date with the tax year will have an impact on employers' accounts - LB confirmed it will not.

Pensions dashboards

On 24 November 2022, the Pensions Regulator (TPR) launched a consultation setting out how TPR expects scheme managers to comply with the dashboard legislation and what the implications are if they don't. The secretariat has now responded to the consultation on behalf of the LGA and LGPC. The response highlights two risk areas not covered in the consultation:

- that compliance is reliant on employers supplying data in a timely fashion
- the ability to recruit staff to deal with the inevitable increase in queries when dashboards go live.

6. SAB UPDATE [E&W]

JD presented the key points from paper C.

Section 13 Report recommendations

The Government Actuary Department [GAD] undertake a statutory review of fund valuations every three years. In their report, GAD recommend SAB work with funds to establish a consistent approach to academy conversions. SAB has set up a working group to produce guidance.

Cost Management Committee

HM Treasury's response to the consultation on the discount rate methodology for public sector pension scheme (SCAPE rate) is still awaited. The consultation took place in summer 2021. No change to the methodology is expected; however, a change to the SCAPE rate is expected to be announced in March, alongside the spring budget.

DLUHC issued a consultation on reforming SAB's cost management process.

Gender Pensions Gap

SAB commissioned GAD to do an analysis of the gender pensions gap in the LGPS.

As expected from other evidence, this showed significant cumulative differences in pension entitlement by gender. The gender pension gap is therefore much greater than the reported gender pay gap in local government (although this difference was also due in part to the different population covered by the two separate analyses).

The gap appears to emerge at the point that women take career breaks (in their 30s and 40s). The LGPS is pioneering this work in public sector pension schemes which means the cost is significant. The cost management committee will recommend that the Board publish the initial findings and give approval for GAD to do further analysis to investigate what accounts for the differential outcomes.

Survey of opt-outs

SAB conducted a survey late last year to find out if the number of opt outs has increased due to the cost of living crisis. The data received was not consistent and no conclusions were able to be drawn. The SAB recognises it could improve how the data was requested and that software suppliers should be involved. Anecdotal evidence is that the number of opt outs has increased but this cannot be evidenced

by the data the SAB has received from funds. The survey will be rerun taking into the learnings from the first exercise.

Investment Committee

The investment committee has approved proposals to improve awareness of the investment cost disclosure system which has been in place for a few years. Software changes to the system are going live this week. Awareness and training sessions will take place later in year.

DMc offered his support in raising awareness with funds about the investment cost disclosure system and the code of transparency. He can do this in role as chairman of the Local Authority Pension Fund Forum (LAPFF).

The investment committee also agreed to look at the issue of Sharia compliance in the LGPS after the legal advice issued in 2021. More specific evidence/advice is needed. SAB will procure for an Islamic scholar to review the Scheme and provide a view about whether it is Sharia compliant.

Compliance and Reporting Committee

The Minister has now responded to SAB's letter on delays to the external audit of pension fund accounts. He is sympathetic to SAB's recommendation on separating pension fund accounts from the main authority accounts. He has asked his officials to explore this further. The change will require a change to primary legislation. This is only an issue for England.

There are continuing conversations with auditors and actuaries due to changes in auditing standards. In the past auditors were more able to accept valuations from the actuaries; however, changes in standards mean this is no longer possible in all cases. There are particular issues with employers that have different financial years eg academies.

Coming consultations on investment issues.

We expect a Government Bill on boycotts, divestments and sanctions (BDS) imminently.

We also expect a consultation on pooling shortly. Royal Borough of Kensington and Chelsea (RBKC) recently consulted on leaving the London CIV. If they decide to leave, it could potentially undermine the Government's policy on pooling and have a ripple effect.

GG expressed a concern that the funds that have complied with the Government's pooling policy could now be punished for those that have not, if DLUHC takes a harsh line.

Good Governance Action Plan

We expect a consultation on amendments to the 2013 regulations to happen later this year.

Survivor Benefits and Death Grant Entitlement

We are still waiting for a consultation on the changes to remove the upper age limit for death grants and for the Goodwin case to be implemented.

7. REGULATION UPDATE SCOTLAND

The Committee noted the key points from paper D, which was presented by Kimberly Linge [KL].

Changing the annual revaluation date

SPPA will follow England and Wales and hope to publish a consultation soon.

Section 13 report

There has been a slight delay in GAD publishing the report.

8. REGULATIONS UPDATE NORTHERN IRELAND

The Committee noted the key points from paper E, which was presented by David Murphy [DM].

LGPS regulations

It is likely that the McCloud remedy will be implemented retrospectively in Northern Ireland as the Department for Communities is waiting for DLUHC to produce its regulations first.

Northern Ireland has its own Public Service Pensions Act. Trade unions negotiated a clause that requires the Department of Finance to undertake a review of the application of the Act every two years because of concerns around pensionable age. The latest review concluded there is not enough data to draw any conclusions.

The Department for Communities is also looking at moving the annual revaluation date from 1 to 6 April; however, unless the regulations can be made by negative resolution the change cannot be made as there is no assembly.

The Scheme Advisory Board is due to meet before the end of March.

9. TECHNICAL GROUP UPDATE

Kevin Gerard [KG] presented the key points from Paper F that had not already been covered in the meeting.

McCloud remedy

All funds are progressing well with data collection. Technical Group will work closely with the LGA to manage member expectations and avoid manual calculations.

DLUHC update

Some queries raised with DLUHC remain outstanding. Alan Wareham [DLUHC] will provide a full update at the next technical group meeting in March.

Change to the annual revaluation date

Technical group will seek assistance from LGA to produce central communications to explain the change to members.

Pensions dashboards

Each regional group gives an update on progress made by the funds in their region. Most funds in the London group do not provide an update which is disappointing.

Prudential performance

Some issues are still ongoing but this is being monitored by regular meetings with Prudential.

National LGPS Frameworks is setting up a framework for AVCs.

10. TRAINING AND CONFERENCE UPDATE

Elaine English [EE] presented the key points from Paper G.

Annual conference

JF attended the recent LGA Governance Conference in Cardiff and commented on how well attended it was, with more younger members attending.

A total of 160 delegates attended (63 online and 97 in person). Feedback from both online and in person attendees has been excellent with an average rating of 4.7 out of 5 and many positive comments in respect of the programme, speakers, and organisation.

Next year's event will again offer both online and in-person options. The conference will take place at the Principal Hotel, York on 18-19 January 2024.

EE reiterated that LGPC elected members are offered a complimentary place.

Employer and administering training

The 2023 training programme was published in November. Aggregation and survivor benefit training sessions are being run online and face to face. Online training continues to be most popular. We cap bookings to a maximum of 5 delegates per authority. Employer training is running throughout the year to meet demand.

The LGA has agreed to investigate the feasibility of facilitating a pensions qualification.

Fundamentals 2023

Provisional dates for the 2023 training have been agreed. We will be delivering the training in London, Manchester and online. We are currently working on the programme and aim to open the courses for booking following the May elections.

11. ANY OTHER BUSINESS

JF noted that this will be the last meeting for Alan Waters [AW] as he will be standing down at the May elections. JF thanked AW for his service to the LGPC as well as his many years of service to Norfolk Pension Fund. The Committee wished him well and expressed their thanks for his valid contributions over the years.

AW commented that it has been a pleasure to be a part of the LGPC and the wider LGPS community.

The Committee also noted that Bob Holloway from the LGA's SAB will also be retiring at the end of February.

12. DATES OF NEXT MEETINGS

22 May 2023, 17 July 2023 and 4 Dec 2023.

DRAFT

Paper C – England and Wales update

Key points to note

- Government has responded to the 2020 McCloud consultation
- the annual revaluation date has changed from 1 to 6 April
- DWP announces delays to dashboard connection deadlines
- transfer calculations on hold due to SCAPE rate change.

Decisions

The Committee is asked to note the contents of this report.

McCloud update

Government responds to McCloud consultation

On 6 April 2023, DLUHC published their response to the 2020 consultation on changes to the LGPS to remove the discrimination found in the McCloud judgment.

The consultation proposed providing younger members with the underpin protection that is already provided to older members. It also proposed making changes to the underpin to ensure it works effectively and consistently for all qualifying members. Alongside the response, in collaboration with the Scheme Advisory Board, DLUHC published a [factsheet summarising the remedy for members](#).

DLUHC expects to launch a further consultation this spring. The consultation will seek views on:

- issues that they have not yet made a final decision on, such as aggregation and flexible retirement
- issues not included in the original consultation, such as compensation, interest and excess teacher service, and
- updated draft regulations.

DLUHC will finalise the regulations after considering the responses to the further consultation.

The LGPC secretariat has supported DLUHC in delivering the McCloud remedy by providing an unofficial secondee since January 2023.

McCloud – Judgment on cost cap mechanism handed down

On 10 March 2023, [the High Court ruled](#) that HM Treasury’s decision to include the McCloud remedy in the cost cap mechanism was not unlawful. The unions are seeking permission to appeal.

The Scheme Advisory Board (SAB) plan to publish a summary of the judgment shortly.

Data issues guidance

On 3 March 2023, we published [guidance](#) to help administering authorities with McCloud data issues.

The guidance sets out what options administering authorities may consider if they are unable to collect data needed to implement the McCloud remedy. It covers both missing data and data the authority is not confident is accurate. The guidance should be read in conjunction with the legal advice provided by Eversheds on McCloud data issues – this is referenced within the guidance document.

TPS McCloud remedy and the LGPS

The LGPC secretariat continues to work with a group set up by DfE to agree a process for dealing with teachers who will become retrospectively eligible for the LGPS as part of the McCloud remedy in the Teachers’ Pension Scheme (TPS). Other representatives on the group include DLUHC, Capita and LGPS administering authorities.

The group is currently working on the data collection and transfer process to enable LGPS administering authorities to create pension records for the affected teachers. DfE has estimated that approximately 18,000 teachers are in scope. These will be a mix of active, deferred and pensioner members.

Commentary on tax rules for McCloud

On 6 February 2023, the [Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023](#) were laid. They apply to relevant public service pension schemes in England, Wales and Scotland and came into force on 6 April 2023.

The regulations aim to ensure that people who are impacted by the McCloud remedy are not adversely affected by the existing tax framework. We have published a [commentary on the McCloud tax regulations](#) setting out the impact of the changes in the LGPS.

Annual revaluation date change

Between 10 and 24 February, DLUHC consulted on changing the revaluation date in the LGPS. The purpose of the change is to re-align the rate of inflation allowed for in annual allowance calculations with the inflationary increase that applies to active LGPS pension accounts in a pension input period. We expressed our support for the change in our response to the consultation but noted that we do not agree with the timing.

[DLUHC responded to comments on the consultation and draft regulations](#) on 9 March 2023. On the same day, they laid the LGPS (Amendment) Regulations 2023, effective from 31 March 2023. The amendments implement the change and provide protections which means there is no change in outcome for:

- pensioners whose benefits in payment would increase on 1 April
- death grants in respect of deferred or pensioner members who die in the period 1 to 5 April.

On 17 March 2023, we published [bulletin 234A](#), which covers the changes in detail.

Pensions dashboards: delay to connection deadlines

On 2 March 2023, the Government issued a [written ministerial statement](#) announcing it will legislate to amend the timing of pension schemes' connection deadlines. The first connection deadline is currently 31 August 2023; however, the Government has stated it needs more time to deliver the project.

It is not clear if connection deadlines for public service pension schemes will change. The Pensions Regulator (TPR) urges schemes to continue preparing for dashboards, in particular getting to grips with member data.

TPR:

- will write to those schemes affected by the announcement to confirm when new deadlines are set – [example communication](#)
- has [published updated guidance and checklist](#), to help schemes focus on what they should be doing now to prepare for their dashboard duties

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- will produce a 'content toolkit' with key messages for administering authorities to adapt as appropriate in their communications.

The connection deadline for public service pension schemes is currently 30 September 2024, with the requirement to provide pension value data by 1 April 2025.

Backdated pay award FAQs for employers

We recently emailed administering authorities letting them know that we have published [frequently asked questions](#) (FAQs) on backdated pay awards for employers.

SCAPE discount rate and impact on actuarial factors

The SCAPE discount rate reduced on 30 March 2023 to the consumer price index (CPI) plus 1.7 per cent. This was announced in [a written ministerial statement on the SCAPE discount rate](#) by the Chief Secretary to the Treasury.

The SCAPE discount rate is used to set actuarial factors across all public service pension schemes. It is also used to set the employer contribution rate in the unfunded public service pension schemes eg teachers' and firefighters' pension schemes.

The reduced SCAPE discount rate is effective from 30 March 2023. DLUHC has confirmed the following calculations should be suspended in the LGPS until new factors are issued:

- certain non-club transfers and interfund / intrafund calculations
- certain non-club cash transfer sums
- all cash equivalent values (CEV) for divorce.

We have published [March 2023 SCAPE rate change - transitional arrangements](#) covering the immediate steps administering authorities should take.

We understand DLUHC will issue new transfer factors in May. It has also confirmed the remainder of the Scheme's actuarial factors will be amended in due course. The intention is to introduce revised factors over a four-month period starting in May 2023.

We have recommended that administering authorities:

- communicate the impending changes to actuarial factors to members, when providing retirement quotations with an effective date on or after 1 April 2023
- notify the court where they have provided a CEV for divorce purposes but a pension sharing order has not yet been made. This will allow for the change in the CEV to be taken account in the financial settlement.

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Paper D – Scheme Advisory Board update

Key points to note

Particular attention is drawn to potential pension changes at TfL and the series of workshops that will be run around the country on investment cost transparency, and why it matters.

Decisions

The Committee is asked to note the content of this report.

Summary

This report sets out below the current activities of the Local Government Pension Scheme Advisory Board (England and Wales).

Coming Government announcements on investment issues

1. There is little progress to report with the two announcements expected from DLUHC on investment related issues. One is a consultation on pooling, levelling up targets and the CMA order; the other is the Government response and draft regulations for climate risk reporting in LGPS. However, DLUHC officials have confirmed that the earliest date for implementation of the start of climate reporting responsibilities is now expected to be 1 April 2024, two years after large private sector pension schemes were obliged to do so. It is possible that DLUHC will consider implementing the governance aspect of their proposals earlier, though (something that would be supported by the Board's Responsible Investment Advisory Group).
2. We believe that a Government bill on boycotts, divestment and sanctions (BDS) remains imminent. Depending on the content, this is likely to be controversial in the sector and may require the Secretariat to produce detailed briefing for interested Parliamentarians.

Good Governance Action Plan

3. There has been no further progress on this, with DLUHC still saying that consultation on amendments to the 2013 regulations is likely to happen this year, but with no greater detail on precise timings.

Transport for London (TfL)

4. Following the publication of an exchange of [letters](#) about the future of the TfL pension scheme it has become apparent that the Government's preferred option is for members to either to be transferred into LGPS or for the Scheme as a whole to be absorbed in some way into LGPS. The Secretariat have met with DLUHC officials to discuss what the proposals might mean for the LGPS, both in terms of benefits and administration. The Secretariat outlined concerns about additional administrative complexity and sharing of employer risk if the proposals were to be implemented.
5. This is clearly a politically sensitive matter with a high profile, which will need to be managed appropriately.

Section 13 Report recommendations

6. The 2019 review of fund valuations by the Government Actuary recommended that the SAB should establish a consistent approach to schools converting to academies. In response, SAB established a small working group to improve understanding and transparency in the conversion process. In particular to develop guidance for academies setting out a common nomenclature for conversion methodologies, factors that influence conversions and possible consequences of the approach adopted over time. This guidance has now been drafted and will be published as a standalone document on the SAB website, pending a refresh of the tripartite (DfE, DLUHC and SAB) [advice document on academies](#).

Cost Management Committee – 24 April 2023 meeting

7. The Committee noted HM Treasury's response to the consultation on the discount rate methodology for public sector pension schemes (the "SCAPE rate") but also that we are yet to set out the main assumptions for the 2020 cost control mechanism in HM Treasury directions. We expect draft directions to be shared with SABs in May/June. However, we are expecting DLUHC to issue before then the final regulations and its response to the [consultation](#) on reforming the SAB's own parallel process for reviewing scheme cost, the Scheme Cost Assessment (SCA) set out in Regulation 116 of the 2013 Regulations. The changes take into account [SAB's response](#) to the consultation and better align the SCA with HMT's reformed cost control

process. It will explain the link with the new “economic check” and give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach.

8. The Board has now [published](#) an initial analysis from GAD on the gender pensions gap in LGPS. A further report, which starts to investigate what accounts for the differential outcomes will be published soon.
9. DLUHC has said that it will shortly be consulting on changes to the LGPS regulations to give effect to the Brewster and Goodwin judgments. However, the Minister is declining to implement the recommendation from the Board to remove the upper age limit of 75 on award of death grants. The Board had recommended removing this limit as it believes it could constitute direct age discrimination.

Investment Committee – 15 May 2023 meeting

10. Following the recommendation in the [legal advice](#) received on the issue of members opting out of the LGPS on the basis of their (principally Islamic) religious belief, the Board has issued a [tender](#) for a report from an Islamic finance and legal scholar to review the scheme according to Sharia principles, and in particular to consider whether the LGPS “pensions promise” is of a contractual nature rather than being a financial investment by the member. The proposed report will also look at governance and administering authority investment principles. The tender closed on 9 May and it is expected that a contract will have been issued by the date of the LGPC. The report commissioned is expected in the late summer.
11. The Board is also setting up a series of free regional training sessions for local pension board and committee members and fund officers on investment cost transparency. Sessions are being arranged in London, Bristol, Wolverhampton, Leeds, Manchester, Darlington, Cardiff and Glasgow. These sessions will provide:
 - an explanation of the purpose and background of the Board’s ground-breaking Code of Transparency
 - a case study from a fund or pool on how investment cost information has been used
 - a troubleshooting session on how to use the online reporting system, run in conjunction with Byhiras (the provider of that system), and

- a facilitated discussion on the information that fund officers should be receiving and how this information should be reported to pension boards and committees.

Further details of these sessions, including dates and how to sign up, will be sent out to fund contacts shortly.

Compliance and Reporting Committee – 17 April 2023 meeting

12. A summit of auditors, actuaries, LGPS practitioners and regulators was convened under the auspices of the Committee on 20 April. The summit provided an opportunity for those present to discuss the challenges currently being faced on LGPS fund audit and to explore some potential solutions or at least find some work-arounds. As some audit issues are more acute for scheme employers that aren't local authorities, the Secretariat has also engaged with ESFA and the administrators of the scheme for Housing Associations. The Secretariat was also asked to reconvene the summit in three months' time, and from then on it is expected to become a regular, maybe annual, fixture.

13. The Committee continues to develop its thinking on the following workstreams:

- Funding Strategy Statement guidance update
- Review of Annual Report guidance (including in relation to reporting progress with pooling, which is to be discussed with DLUHC officials)
- Refresh of the Knowledge and Skills framework (including a survey of funds to look at current practice and road-test some initial thoughts).

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Paper E Scotland update

Decisions

The Committee is asked to note the contents of this report.

Summary

CPI revaluation regulations

Following discussion, the Scottish LGPS SAB recommended that Scottish Ministers move the date that revaluation is applied to CARE pensions from 1 April to 6 April each year. This will align revaluation with the tax year and corrects an anomaly in the calculations for pensions taxation (annual allowance) purposes.

On 14 March, Scottish Ministers consulted on draft regulations mirroring those provided for England & Wales by the Department for Levelling-up, Housing and Communities (DLUHC).

The consultation ended on Monday 27 March and we received a number of responses, all in agreement with the change.

The regulations are currently with the Scottish Government Legal Directorate for checking and styling before being laid. We expect these regulations to be laid in June 2023.

McCloud Remedy Update

In tandem with DLUHC, we are working on updated draft regulations to remove the discrimination identified in the McCloud judgment to ensure that eligible younger members will be provided with a protection equal to the underpin already provided for older members.

A consultation on amending regulations is expected to be undertaken by Scottish Ministers in June 2023. These updated draft regulations also take into consideration technical responses received during the 2020 consultation.

It is intended that these regulations will be made by 1 October 2023.

Independent Review of Adult Social Care in Scotland

On 1 September 2020 the then First Minister announced that there would be an Independent Review of Adult Social Care in Scotland as part of the Programme for Government. The principal aim of the review was to recommend improvements to adult social care in Scotland.

The Independent Review concluded at the end of January 2021 and the key outcomes for this are better terms for and strengthening of the workforce by embedding fair work and workforce development into Scotland's legislation.

The National Care Service (Scotland) Bill sets out a framework for the changes the Scottish Government wants to make in response to the review and gives Scottish Ministers powers to work through the detail with people who access support and those who provide it. The Bill remains at stage one of the parliamentary process, with a debate postponed until later in the year.

The Scottish Government intends that the new local care boards will work collaboratively and in partnership with the NHS, local authorities, third and independent sectors to improve support locally and nationally.

The Scottish Government have awarded a contract to Deloitte to provide an options appraisal on pensions.

Guidance - The Local Government Pension Scheme (Scotland) (Miscellaneous Amendments) Regulations 2022

The Scheme Advisory Board in England & Wales provided guidance on Employer Flexibilities when similar provisions were introduced there. It has previously been brought to our attention that fund authorities and their actuaries believe that guidance to implement 2022 Regulations is also needed in Scotland.

The LGPSSAB set up a small working group to review the guidance issued by the SAB in E&W to ensure that similar guidance is issued to Scottish administrators.

We expect the working group to report back to the SAB at the next meeting.

Contact officers: kimberly.linge@gov.scot or Craig.Finlay@gov.scot

Paper F Northern Ireland update

Background

Public Service pension regulations are a devolved matter for the Northern Ireland Assembly. Regulations for the Local Government Pension Scheme (LGPS) in Northern Ireland are made by the Department for Communities (the Department).

The Northern Ireland Assembly made its own version of the [Public Service Pensions Act \(Northern Ireland\) 2014](#)

Decisions

The Committee is asked to note the contents of this report.

Northern Ireland LGPS regulations

No new regulations have been made since the last LGPC meeting.

The Department's consultation on the McCloud remedy closed on 31 January 2021. Its response is awaited.

The Department issued a consultation on 10 March 2023 on its proposal to amend legislation to move the scheme revaluation date from 1 April to 6 April. The closing date for responses was 24 March 2023. In essence the regulations will align the revaluation date of the scheme with that used by HMRC for tax purposes. By doing so it will rectify an anomaly with the HMRC calculation. The current anomaly means that, for the purposes of the tax calculations, inflationary increases are included in the estimate of pensions income – however the principal of the annual allowance is to exclude inflation. The proposed regulations will ensure that inflationary gains are not taxed. The regulations to bring in this change have yet to be made at the time of compiling this report.

Governance

The Scheme Advisory Board met on 9 March 2023 and discussed the following:-

- Proposed change to annual revaluation date
- McCloud remedy
- Update on the draft McCloud regulations

- Update on guidance – Data issues – LGA (England and Wales) guidance
- Cost cap valuation
- 2016 valuation: GAD final report
- 2020 valuation
- Review of the State Pension Age
- Review of the effects of the Public Service Pensions Act (Northern Ireland) 2014

Membership of the Board comprises four trade union representatives, four employers representatives and is chaired by the Department for Communities. The [minutes](#) of previous meetings are available of the Department's website.

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Paper G – Technical Group update

Background

The national technical group is made up of representatives from LGPS administering authorities in England, Wales, Scotland, and Northern Ireland. Its purpose is to represent the views of LGPS administering authorities in relation to the direction of pension and other areas of government policy.

Decisions

The Committee is asked to note the content of this report.

Update from 10 March 2023 Technical Group meeting

McCloud remedy

Every administering authority is asked to complete an online survey about their McCloud remedy progress. The results show that many scheme administrators anticipate having to undertake a large amount of manual input before bulk McCloud calculations can be run.

Administering Authorities are progressing well with data collection and rectification.

DLUHC stated that a further consultation on the McCloud regulations would take place in spring 2023. Current indications are that regulations will not be issued until September 2023.

DLUHC update

DLUHC provided a brief update. Technical group reminded DLUHC that a response remains outstanding on a query raised at the June 2022 meeting regarding the treatment of inward transfers from the EEA. Alan Wareham (DLUHC) again stated he would provide an update the LGA on the latest position following discussions with colleagues before the next technical group meeting. Alan also made technical group aware of a consultation document to remove the age 75 limit for death grants and implement the outcome of the Goodwin case. Alan confirmed that although there was no movement on the exit cap, there are changes to forfeiture due shortly. Alan also highlighted that changes to the SCAPE rate would trigger changes to LGPS factors. Technical group requested a timescale for the removal of the five-year time

limit for the payment of a post 2014 refund - the original request was made by Technical Group four years ago.

SAB update

A comprehensive report was provided in respect of the work undertaken by the SAB and its committees.

Pension Dashboards

Technical group were made aware of delay to connection deadlines. It is anticipated that these will not impact upon the LGPS connection deadline and administering authorities continue with their preparation. The next survey will be issued before the June 2023 Technical Group meeting.

Prudential

Following a further meeting on 8 February 2023, it was agreed that administering authorities should raise any continuing issues by email Prudential directly as well as sending a brief overview of the issue to Ian Howe (Leicestershire Pension Fund). This will allow Ian will keep a record of the issues across the LGPS and for them to raised with the Prudential at regular review meetings.

Prudential has reinstated administering authority user groups from May 2023.

AVCs

Technical group agreed to proceed with the creation of an AVC Framework which should be in place by the end of 2023.

Transfers

Technical group received feedback from each POG regarding the suggested process for simultaneously transferring deferred benefits from separate administering authorities to a single provider. The LGA will now draft the process for all administering authorities to ensure the same guarantee date is used in the calculation.

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Paper H – Training and conference update

Decisions

The Committee is asked to note the contents of this report

Employer and administrator training

The [2023 training programme](#) is underway and feedback continues to be positive. The retirements course is currently in production ready for an autumn rollout.

Apprenticeships and qualifications

The LGA surveyed the administering authorities to gather thoughts on the desirability of an LGPS specific apprenticeship and/or an LGPS qualification. The only currently available LGPS qualification is being withdrawn by its provider – the Chartered Institute of Payroll Providers (CIPP).

The results of the survey suggest strong support for a qualification and more limited, but significant, support for an apprenticeship. The LGA will be entering into discussion with potential providers to investigate the feasibility and resource required for both routes.

Fundamentals 2023

The dates and agenda have now been agreed for Fundamentals 2023 and these will be advertised shortly. As in previous years, the course will be made up of three individual training days that can be booked separately.

The venue locations for this year will be London, Manchester and online. The online event will be split into two sessions for each day following feedback from some that a full online day is too intense.

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