National LGPS Technical Group meeting documents

For meeting held on 9 June 2023

Index

1) Meeting agenda item 5: Technical Group Minutes of 10 March 2023

The National Local Government Pension Scheme (LGPS) Technical Group is a member of the Local Government Pensions Committee (LGPC).

1. Meeting documents

All documents for this meeting are contained in a single PDF.

No further hyperlinks to these documents are contained elsewhere in the minutes.

2. Date and time of meeting

The meeting started at 11.00 am and finished at 1.45 pm on the 10 March 2023.

3. Venue

The meeting was held at as held at PWC offices at 1 Embankment Pl, London WC2N 6RH.

4. Attendees and apologies for absence

Attendees

1. Kevin Gerard (Chairman) - Welsh Pension Officer Group
2. Joanne Griffiths - Welsh Pension Officer Group
3. Ian Howe (Deputy Chairman) - East Midlands Pension Officer Group
4. Karen Gibson - Southwest Area Pension Officer Group
5. Emma Sanders - Southwest Area Pension Officer Group
6. David Kellond - Southern Area Pension Officer Group
7. Louise Savage – Southeast Counties Superannuation Officer Group
8. Joel Ellner - Southeast Counties Superannuation Officer Group
9. Richard Smythe - London Pension Officer Group
10. Martin Doyle - London Pension Officer Group
11. Vicky Jenks - Shrewsbury Pension Officer Group
12. Debbie Sharp - Shrewsbury Pension Officer Group
13. Heather Chambers - Northeast Pension Officer Forum
14. Liz Vollans - Northeast Pension Officer Forum
15. Erin Savage - Scottish Pensions Liaison Group
16. Richard Clark - Northern Ireland Local Government Officers' Superannuation Committee
17. Alan Wareham – Department for Levelling Up, Housing and Communities

18. Kimberly Linge - Scottish Public Pension Agency
19. Jayne Wiberg - Local Government Association
20. Lorraine Bennett - Local Government Association
21. Steven Moseley (Scotland) – Local Government Association
22. Jeremy Hughes – Scheme Advisory Board England & Wales
23. Paul Kateley – Heywood Pension Technologies
24. Martyn Slaughter - Capita Experience Pension Solutions
25. Kerrie Shields - Civica
26. Dave Friend – Equiniti
27. Jeff Houston - Barnett Waddingham
28. Ian ColvinActuarial - Hymans Robertson
29. Justine Davies - Price Waterhouse Coopers
30. Catherine Pearce - Aon
31. Jonathan Perera – Mercer
32. Kelly Scotford – Secretariat

Apologies for absence

33. Phil Drury - East Midlands Pension Officer Group
34. Sandy Armstrong - Southern Area Pension Officer Group
35. Zena Kee - Northern Ireland Local Government Officers' Superannuation Committee - replaced by Richard Clark
36. William Dobbin - Department for Communities (Northern Ireland)
37. Joanne Donnelly – Local Government Association
38. Melanie Durrant - Barnett Waddingham – replaced by Jeff Houston
39. Heidi Twort – Equiniti replaced by Dave Friend

5. Minutes of the last meeting

Item 1 of the meeting documents.

To be agreed

The minutes were agreed.

6. Matters arising from previous minutes

None.

7. Local Government Association (LGA)

Jayne Wiberg discussed a number of topics that will appear in bulletin 236 when published at the end of March 2023. Jayne also took questions on bulletins 232, 233

and 234 published since the last National LGPS Technical Group meeting held on 9 December 2022.

Group discussion

The chair raised a question concerning the article in bulletin 233 regarding the recently upheld a complaint against the Teachers' Pension Scheme (TPS) about a transfer out. In a recently published judgment, the Pensions Ombudsman (TPO) upheld Mrs G's appeal. It found that TPS failed to put in place proper processes to conduct adequate checks and enquiries in relation to the London Quantum Pension Scheme and warn Mrs G of the potential consequences of transferring. It also concluded that if TPS had done so, on the balance of probabilities, Mrs G would not have proceeded with the transfer.

The judgment is a useful case study for LGPS administering authorities for understanding how TPO approaches this type of appeal. It also feeds into the enhanced transfer process discussed at item 17 of this agenda.

8. DLUHC update

Alan Wareham provided an update (item 2 of the meeting documents), on behalf of the Department for Levelling Up, Housing and Communities (DLUHC).

Questions from the group

The group discussed a number of topics with Alan, Alan confirmed:

- DLUHC are preparing a consultation document to remove the age 75 limit from death grants and implement the outcome of the Goodwin case
- there has been no movement on the Exit Cap Bill
- DLUHC expecting the SCAPE rate to change which will trigger a factor change
- DLUHC are looking to change the forfeiture regulations and issue associated guidance – this matter was originally raised by the National LGPS Technical Group in November 2018, see recommendations.

On 12 March 2019, the National LGPS Technical Group recommended to the Scheme Advisory Board (SAB) in England & Wales, that the five year limit on 2014 refunds be removed. On 27 September 2019 SAB wrote to the Parliamentary Under Secretary of State (Luke Hall MP) recommending that the changes be considered by the Department. SAB confirmed on 18 November 2019 that MHCLG (now DLUHC) would be happy to take forward this recommendation for change. Over four years since the initial recommendation, nothing has moved and the group request DLUHC to provide a definitive timescale by when a change can be expected.

Action

At the meeting to be held on 9 June 2023, DLUHC to provide a definitive timescale setting out by when the five year limit for the payment of a 2014 refund will be removed.

9. SPPA update

None provided by 22 February 2023. Kimberley Linge confirmed during the meeting that SPPA would be issuing a consultation on the annual revaluation date change. This was published on 14 March 2023 and closed on 27 March 2023.

10. DfC update

None provided by 22 February 2023.

11. LGPS England & Wales Scheme Advisory Board update

Jeremy Hughes provided an update (item 5 of the meeting documents), on behalf of the LGPS England & Wales Scheme Advisory Board (SAB).

Jeremy confirmed that the SAB are reviewing the statutory guidance that CIPFA used to produce. The SAB and CIPFA have agreed that this guidance will be jointly badged by both parties. Jeremy believes there is a formal role for the National LGPS Technical Group to take part in contributing to the drafting of this guidance. This is to make sure the guidance maintains an order of independence.

Action

- Jeremy to liaise with the Chair and Jayne Wiberg to agree a process for the group to have input in the drafting of the former CIPFA statutory guidance.

12. Pensions Dashboards (standing agenda item)

Quarterly feedback from Pension Officer Groups

None for this quarter. The next survey will be sent to pensions managers week commencing 24 April 2023 closing on 24 May 2023. The survey will be refreshed to reflect the latest published information and guidance covering pensions dashboards.

Quarterly feedback from software suppliers

Responses (item 6 of the meeting documents) were received from the following software providers detailing where they are in their development and support of the pensions dashboards.

- Heywood Pension Technologies
- Civica
- Equiniti
- Capita Experience Pension Solution

Following the updates by the software suppliers Jayne Wiberg confirmed:

- the PASA guidance on value data should be published around the end of March 2023
- the LGA connection guide has been delayed due to conflicting priorities (see group discussion in item 13 for more information) – once published Jayne can synchronise the dashboard survey with the contents of the connection guide.

13. McCloud remedy (standing agenda item)

Quarterly feedback

Jayne Wiberg emailed administering authorities with a McCloud survey on 31 January 2023.

Unfortunately, due to a glitch in the email system it appears that the email was not sent from the LGA server, even though it is showing has having done so. Consequently there are no survey responses for the March quarter.

The next survey will be sent to pensions managers week commencing 24 April 2023 closing on 24 May 2023.

Group discussion

Lorraine Bennet confirmed Rachel Abbey is currently working with DLUHC to help deliver the McCloud remedy, which is limiting LGAs resources.

Regarding McCloud, Lorraine understands that:

- the response to the underpin consultation will be published in March 2023
- there will be a further consultation in May 2023 with draft regulations
- final regulations will be published in September 2023 with an effective date of 1 October 2023.

A group member asked by when administering authorities must have their pension records rectified? Lorraine Bennett confirmed there is no timeline, other than McCloud will need to be reflected in the 2024/25 annual benefit statements. Lorraine confirmed that DLUHC are considering producing statutory guidance to help

administering authorities implement McCloud. Prioritisation and timelines could be included in that guidance, though this is not confirmed. It was acknowledged pressure might come from members which naturally speeds up the rectification timescales because members have a right to payment of correct benefits.

Lorraine confirmed:

- there will be central communications published on McCloud. DLUHC will publish a member fact sheet which will try and manage members expectations with regards to rectification timescales
- DLUHC will restart the implementation working group and software providers will be invited to attend.

14. QROPS transfer in (standing agenda item)

See item 8 of meeting documents for full background.

The LGPS regulations prescribe that a transfer in can only be accepted from a registered pension scheme or a European pensions institution. When defining a European pensions institution we need to look at the Pensions Act (PA) 2004. The wording in section 293(8) of the PA 2004 that previously referred to an EU directive, have been removed post UK withdrawal from the EU on 31 December 2020. This means that until / if the LGPS regulations are updated, overseas transfers cannot be accepted. The matter was raised with DLUHC following the National LGPS Technical Group meeting on 17 June 2022.

Update from DLUHC

Alan Wareham confirmed that this issue is included with the wider EU law issue. This covers areas of the scheme that have been impacted due to the UKs withdrawal from the EU. Alan has a meeting on the afternoon of 10 March 2023 covering this matter. Alan confirmed he would contact the group with an update before the next meeting on 9 June 2023.

Action

- Alan Wareham to supply the group with an update of the latest position concerning overseas transfer in, following on from his meeting on the afternoon of 10 March 2023, before the next meeting on 9 June 2023.

15. Prudential AVCs (Standing agenda item)

The National LGPS Technical subgroup held a meeting with Prudential on 8 February 2023 to discuss the service.

Summary of meeting discussions

Ian Howe outlined the minutes of the meeting held by the sub-group on 8 February 2023:

- matters arising from the previous meeting
- customer service
- communications
- pensions dashboards

Group discussion

The group discussed the content of the minutes.

Action

Group members to inform POGs and in turn administering authorities to:

- email any complaints / queries directly with their allocated client management consultant, and
- send an email to Ian Howe [Ian.Howe@leics.gov.uk] confirming that an email has been sent to Prudential with brief details of the complaint / query – this will then be discussed at the following meeting of the sub-group with Prudential.

16. AVC Wise

At the meeting of 9 December 2022, the group agreed that the National LGPS Technical Group was not the appropriate route for AVC Wise to talk to administering authorities, rather it should be by invite at POG meetings. Before any discussions took place at the POGs, the group were keen to obtain further information. Due to commercial sensitivity this document cannot be published with these minutes.

Group discussion

The group discussed the report by AVC Wise. The report was met with mixed responses.

Positively – the group were pleased that AVC Wise want to deliver a good service.

Concerns were covering:

- promoting a single company and consequently appearing to endorse a single company – the group were largely not keen to become involved
- contractual lines becoming blurred – the administering authority engages with the AVC supplier not AVC Wise
- drawing the distinction that this is an employer function
- knowledge – how can AVC Wise advise without full access to a member's pension benefits also how much knowledge of the scheme do they actually have
- marketing approach

Lorraine Bennett and Jayne Wiberg explained that AVC Wise want to engage with administering authorities. If administering authorities have concerns then surely it would better to engage with them so their concerns are addressed.

Group agreement

- the group agreed to refer the AVC Wise report to regional POGs. Thereafter, it is for regional POGS to decide if they wish to engage further
- the group also agreed that if this situation arises again, the group will share any organisations report with POGs.

17. Transfers out (Standing agenda item)

Transfer out process

As part of discussions with a third party company, an administrative issue arose. The company confirmed that where a member:

- holds more than one deferred benefit in the LGPS, or
- might be active in another Fund, or
- in receipt of pension benefits.

quite often this information is not discovered until the member has progressed part way through the transfer out process. This causes problems for both the member and the company to whom the member is looking to transfer.

The paper in item 10 of the meeting documents sets out this out in more detail.

In order to recommend a consistent approach for administering authorities to follow, the sent out a list of questions for POGs to feedback on. The questions and answers can be found in item 11 of the meeting documents.

Group discussion

The group discussed the feedback from the POGs which was largely supportive of the proposals with a few minor concerns.

Group agreement

- the group agreed that Jayne Wiberg would draft the transfer out process where the member holds more than one deferred benefit. This will be discussed by the group at the meeting of 9 June 2023.

18. National AVC framework

At the meeting of 9 December 2022, Ian Howe provided a paper (item 12 of the meeting documents) for consideration, regarding the creation of an AVC framework.

The group had a detailed discussion about whether there is enough appetite to warrant a national framework for AVC providers and agreed that members should seek support from POGs to develop a national framework for AVC providers. If this is the case, find out if any administering authority would like to volunteer as a founder member. The feedback can be found in item 13 of the meeting documents.

Group discussion

The group discussed the feedback and acknowledged that a couple more employers were needed for the sub Lot covering SCAVCs.

Group agreement

- the group agreed to recommend proceeding with an AVC framework – they understand that the National LGPS Frameworks are already building the AVC framework that is intended to be in place by end of 2023.

19. PensionPal

PensionPal is a governance tool developed around seven years ago for private sector trustee boards. Good Governance tools are in great demand in private sector due to the focus placed on this area by the Pensions Regulator and the requirement for pension boards to be able to demonstrate they have done auditable 'Own Risk Assessment'.

The business owner of Pension Pal believes the tool might be useful to LGPS administering authorities facing similar challenges. One of the features of the system is that it manages and documents decision making. This could be useful for any area

where a decision needs to be made and the reasons for making that decision need to be recorded such as McCloud, pensions dashboards, employer and administering authority discretions.

Group discussion

The group discussed the proposition.

Group agreement

- the group agreed that this is not an area they wish to pursue - Kevin Gerard to respond to the contact accordingly.

20. LGA technical queries (standing agenda item)

All [LGA technical queries](#) with DLUHC can be found on the 'technical group minutes' page of www.lgpsregs.org. The latest version is dated 21 March 2023.

All [LGA technical queries](#) with SPPA can be found on the 'technical group minutes' page of www.scotlgpsregs.org. The latest version is dated 4 May 2022.

To note.

21. LGA GAD queries (standing agenda item)

All LGA GAD queries for England & Wales can be found on the Actuarial guidance page of www.lgpsregs.org. The latest version is dated 6 April 2022.

All LGA GAD queries for Scotland can be found on the Actuarial guidance page of www.scotlgpsregs.org. The latest version is dated 6 April 2022.

To note.

22. Historical decisions (standing agenda item)

All [recommendations / agreements / outcome of decisions](#) made by the National LGPS Technical Group from 1 April 2014 to date can be found on the 'technical group minutes' page of www.lgpsregs.org and [www.scotlgps.org.](http://www.scotlgps.org)

To note.

23. Recommendations - SAB England and Wales (standing agenda item)

[Recommendations](#) made to the SAB England and Wales from April 2014 to date can be found on the 'technical group minutes' page of [www.lgpsregs.org](#) and [www.scotlgps.org](#).

To note.

24. Group membership (standing agenda item)

The current list of [group membership](#) can be found on the 'technical group minutes' page of [www.lgpsregs.org](#) and [www.scotlgps.org](#).

- Claire Lewis-Smith - Southern Area Pension Officer Group is standing down from the group. Claire will be replaced by David Kellond. The group thanked Claire for her contribution over the last 15 years and wished her well for the future
- Dave Friend is replacing Heidi Twort as the nominated representative for Equiniti.

2022 attendance

Item 14 of the meeting documents contains a list of the individuals 2022 attendance, who are nominated to be a member of the National LGPS Technical group. Each member has been allocated a percentage attendance.

Group discussion

The group discussed whether the nominated individuals are the right people to attend the group in terms of continuity from one meeting to the next. Ie if a different person regularly substitutes the nominated individual, is the nominated person the most appropriate.

Action

- group members to consider whether they are the most appropriate person to be the nominated individual to attend the National LGPS Technical Group.

25. Any other business

To be handed to the Chair before the meeting.

- the group commented that the lifetime allowance and the annual allowance might change in the budget – [Spring Budget 2023](#).
- the group discussed the annual revaluation date change effective on 31 March 2023, software suppliers confirmed the following:

- Heywood and Equiniti– updating annual allowance routine around May/June 2023
- Civica – updating annual allowance routine by 31 March 2023
- Capita – still having internal discussions.

- Jeremy Hughes asked for administering authorities to let him know if they have any IDRP cases concerning Sharia compliance.

2) Meeting agenda item 8: DLUHC update

Provided by Alan Wareham on 24 May 2023.

OASIS / Academies

Following the second consultation earlier this year, we have recently received legal advice on the issue. We are in the process of considering the consolidation but there have been delays in this area due to an external issue. We are working with the Department for Education and others to move this policy along as quickly as possible.

LGPS investments / Climate

We are aiming to consult shortly on a range of issues including investing to support levelling up and next steps on pooling. We are grateful for the feedback received across the sector on our climate consultation and will be publishing a government response as soon as we are able.

Local Audit Delays / Account Separation

We have been working with a range of stakeholders to develop the policy on account separation, with a particular focus on the consequences of account separation, considering other changes being made in the local audit landscape. Engagement with the Financial Reporting Council on this matter and where it fits into the wider work being done on local audit delays has proved useful.

We are currently looking at options available for the implementation of account separation, both practically and in terms of the legislation required.

McCloud

The Government response to the 2020 consultation was published in April. The next consultation and draft regulations was published on 30 May 2023. The overall aim is to make final regulations in September 2023, ahead of the remedy coming into force on 1 October 2023.

The consultation includes new approaches in certain areas that reflect responses to the 2020 consultation and more closely align the LGPS to policies adopted by other public service pension schemes. We are seeking views on the following proposals:

- No aggregation requirement: underpin protection will extend to a new pension account that started before 1 April 2022, even if the earlier period of membership is not aggregated, as long as there has not been a disqualifying break.
- Previous membership of another public service pension scheme on or before 31 March 2012: a member will qualify for underpin protection because of earlier membership of another public service pension scheme, even if the pension rights from the other scheme have not been transferred to the LGPS, as long as there has not been a disqualifying break.
- Flexible retirement: a member with underpin protection who takes flexible retirement before 1 April 2022 will also have underpin protection on any benefits built up after flexible retirement and before the end of the underpin period. The consultation also considers how the underpin will operate when a member takes partial flexible retirement.

The consultation covers topics that were not included in the 2020 consultation. These include:

- policies for individuals with excess teacher service
- when a member may be paid compensation if they have suffered a loss relating to the discrimination found in the McCloud case or the McCloud remedy
- the interest terms that will apply when payments are made late due to the McCloud discrimination.

Survivor Benefits and Forfeiture

We are currently developing a consultation document for survivor benefit reforms (application of the Goodwin case and removal of nomination requirement), with the associated checks and processes to follow before publishing the consultation. This consultation will also feature proposed reforms to the rules on forfeiture within the LGPS, which we plan to launch later this year:

- to extend the time limit from three to six months for a scheme employer to submit a forfeiture application, with the timer to begin at sentencing rather than conviction
- to remove the requirement that to be eligible for forfeiture the convicted person must have left their employment because of the offence they committed
- remove regulation 92 (interim payments directions) to due incorrect drafting.

Good Governance

Work has been done to refine policy in this area over the last few months, including ongoing engagement with the various workstreams of the Compliance and Reporting Committee to develop plans for changes to regulations and guidance.

Transport for London (TfL)

Negotiations between Government and Transport for London continue, as we discuss a potential transfer of the TfL Pension Scheme into the Local Government Pension Scheme. Any transfer would require primary legislation, consultation, and a long period of technical discussions. We will update once negotiations have progressed further.

Other Updates

Government laid new regulations on the SAB cost control process in Parliament this month, these will come into force of the 1 June 2023. The consultation response can be found [here.](#) The Government Actuary continues to work on the scheme valuation with the SAB cost control process taking place in due course.

3) Meeting agenda item 9: Recommendations and queries raised by the group with DLUHC

Full details of all the recommendations can be found on Technical Group page of www.lgpsregs.org.

Removing the five year limit on the payment of 2014 refunds

On 12 March 2019, the National LGPS Technical Group recommended to the Scheme Advisory Board (SAB) in England & Wales, that the five year limit on 2014 refunds be removed. On 27 September 2019 SAB wrote to the Parliamentary Under Secretary of State (Luke Hall MP) recommending the changes be considered by the Department. SAB confirmed on 18 November 2019 that MHCLG (now DLUHC) would be happy to take forward this recommendation for change.

Over three years since the initial recommendation, nothing has moved and at the meeting of 10 March 2023 the group request DLUHC provide a definitive timescale by when a change can be expected.

Update from DLUHC on 9 June 2023

We are currently looking into this matter from a policy perspective and are considering a timeline for any potential change, subject to the priority of other work and Ministerial approval.

In order to determine how many members are materially affected by the changes requested to refunds, DLUHC request administering authorities to provide the following information:

- number of 2014 refunds that where the member left active membership of the scheme before 1 June 2019 – the reason for look at cases that are more than 4 years old is to account for the time it might take to amend the regulations

Forfeiture policy change

On 26 November 2018, the National LGPS Technical Group recommended to the Scheme Advisory Board (SAB) in England & Wales to change the policy behind the forfeiture regulations. Currently, the wording does not address historical events coming to light, which are now more frequent in today's society. On 27 September 2019 SAB wrote to the Parliamentary Under Secretary of State (Luke Hall MP) recommending the changes be considered by the Department. SAB confirmed on 18 November 2019 that MHCLG (now DLUHC) would be happy to take forward this recommendation for change.

Over three years since the initial recommendation, nothing has moved and the group request DLUHC to provide a definitive timescale by when a change can be expected.

We are currently developing a consultation document for survivor benefit reforms (application of the Goodwin case and removal of nomination requirement), with the associated checks and processes to follow before publishing the consultation. This consultation will also feature proposed reforms to the rules on forfeiture within the LGPS, which we plan to launch later this year:

- to extend the time limit from three to six months for a scheme employer to submit a forfeiture application, with the timer to begin at sentencing rather than conviction
- to remove the requirement that to be eligible for forfeiture the convicted person must have left their employment because of the offence they committed
- remove regulation 92 (interim payments directions) to due incorrect drafting.

Aggregation and concurrency

On 12 March 2019, the National LGPS Technical Group recommended to the Scheme Advisory Board (SAB) in England & Wales, to change the regulations concerning aggregation and concurrency to reflect the position prior to 1 April 2014 (i.e. upon leaving active membership in a concurrent employment, and upon aggregation with the continuing employment, administrators are required to apply an adjustment to the pre 1-April 2014 final salary membership).

On 27 September 2019 SAB wrote to the Parliamentary Under Secretary of State (Luke Hall MP) recommending the changes be considered by the Department. SAB confirmed on 18 November 2019 that MHCLG (now DLUHC) would be happy to take forward this recommendation for change.

Over three years since the initial recommendation, nothing has moved and the group request DLUHC to provide a definitive timescale by when a change can be expected.

None.

AVCs used to purchase additional pension

On 13 December 2019, the National LGPS Technical Group recommended to the Scheme Advisory Board (SAB) in England & Wales, to change the policy behind the

regulations that restrict a deferred member who left the Scheme before 1 April 2014, from using their AVC pot to purchase additional pension in the Scheme. Currently, only members who left the Scheme after 31 March 2014 are able to make use of this provision. On 16 December 2019 the SAB Secretariat proposed the change to MHCLG (now DLUHC).

Over three years since the initial recommendation, nothing has moved and the group request DLUHC to provide a definitive timescale by when a change can be expected.

Update from DLUHC on 9 June 2023

None.

QROPS transfer in

The LGPS regulations prescribe that a transfer in can only be accepted from a registered pension scheme or a European pensions institution. When defining a European pensions institution we need to look at the Pensions Act (PA) 2004. The wording in section 293(8) of the PA 2004 that previously referred to an EU directive, have been removed post UK withdrawal from the EU on 31 December 2020. This means that until / if the LGPS regulations are updated, overseas transfers cannot be accepted. The matter was raised with DLUHC following the National LGPS Technical Group meeting on 17 June 2022.

At the last meeting on 10 March 2023 DLUHC confirmed this issue is included with the wider EU law issue. This covers areas of the scheme that have been impacted due to the UKs withdrawal from the EU. Alan confirmed he had a meeting on the afternoon of 10 March 2023 covering this matter and agreed to contact the group with an update before the next meeting on 9 June 2023.

Update from DLUHC on 9 June 2023

We are working with HMT and DWP on work related to Retained EU Law (Revocation and Reform) Bill to establish a full and current position on QROPS transfers in but have not committed to making any changes to regulations.

Following recent advice, we understand that the LGPS is not affected by the Retained EU Law (Revocation and Reform) Bill, however there are some changes that may be required in due course to correct references that no longer work now that we have left the EU. We are currently working with HMT and DWP on some of these potential changes, but we have not yet identified a timeframe for implementation.

In order to determine how many members are materially affected by the changes requested to QROPS transfers in, DLUHC request administering authorities to provide the following information:

- number of QROPS transfers in that have been declined / placed on hold until the regulations are amended

4) Meeting agenda item 10: SPPA update

Provided by Kimberley Linge on 25 May 2023.

CPI revaluation regulations

The Scottish LGPS Scheme Advisory Board (SAB) recommended that Scottish Ministers to move the date that revaluation is applied to CARE pensions from 1 April to 6 April each year to align the rate of consumer price index used in both calculations.

On 14 March 2023, 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's legal department 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 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 First Minister announced 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 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 Scottish Government intends that the new local care boards will work collaboratively and in partnership with the National Health Service, 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 LGPS SAB set up a small working group to review the guidance issued by the SAB in England & Wales to ensure similar guidance is issued to Scottish administrators.

The working group reported back to the SAB recommending some changes in order that they are suitable for Scottish fund authorities and employers.

5) Meeting agenda item 11: DfC update

No update provided by William Dobbin.

6) Meeting agenda item 12: SAB England & Wales update

Provided by Jeremy Hughes on 24 May 2023.

Summary

This report sets out below the current activities of the Local Government Pension Scheme Advisory Board (England and Wales). Particular attention is drawn to the sections on the gender pensions gap and the work to explore the status of the scheme from an Islamic financial and legal perspective.

Academy Conversions

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 Control Mechanism

Following on from HM Treasury's response to the consultation on the discount rate methodology for public sector pension schemes (the "SCAPE rate"), the Board have now had early sight of the draft directions. These are currently being reviewed by the Secretariat.

DLUHC has also issued 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 LGPS Regulations 2013. The changes take into account SAB's response to the consultation and better align the SCA with HMT's reformed cost control process. The new regulations also give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a scheme cost breach.

Gender Pensions Gap

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.

Prepared by Jayne Wiberg – Secretariat   22

Survey of opt-outs

The data collected in our earlier survey was unfortunately not comparable, so the Secretariat have been speaking to software providers to try to automate a process for effectively monitoring opt-outs, including stripping out the impact of auto-reenrolment. We also intend to liaise with other SABs to understand how other schemes have gathered reliable data in this space (recognising this is somewhat easier in centrally administered schemes like the NHSPS and TPS but noting that all public service pension schemes now have thousands of employers).

Sharia Compliance

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 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 the contract has been awarded to Amanah Associates. The report commissioned is expected in the late summer.

Funding Strategy Statement (FSS) Guidance

We are preparing to draft revised FSS guidance. This was last updated in 2016, and the aim is to have extra content in relation to:

- setting up academies on conversion
- use of the "new" employer flexibilities and deferred debt arrangements
- treatment of exit debts and credits
- consultation with employers.

Audit Issues

A summit of auditors, actuaries, LGPS practitioners and regulators was convened under the auspices of the Board's Compliance and Reporting 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 workarounds. As some audit issues are more acute for scheme employers that aren't local authorities, the Secretariat have also engaged with Education and Skills Funding Agency 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.

The Department said that it was actively looking for an appropriate legislative vehicle to enable separation of pension fund audit from main authority audit. Separation should help with reducing the delays in closing pension fund audit, as well as potentially improving the quality. However, separation is going to need primary legislation to achieve and as of writing the Department has not identified a suitable legislative vehicle. We may have a better idea after the King's Speech, but it seems unlikely that separation could be effected before 2024/25 at the earliest.

Annual Report Guidance

The Committee has reviewed the existing CIPFA guidance to see which elements it would recommend retaining, and those that should be changed or removed in the updated version. DLUHC have said that they will share the proposed future requirements for the annual report on pooling. It seems likely that the new guidance will apply to annual reports for the period 2023/24 (deadline for which would be 1 December 2024).

Knowledge and Skills Framework

The working group have undertaken a survey of funds to determine what the current practice was, for both local pension committees and boards, and to use that to inform recommendations that would be brought to the next committee meeting. The results are included as an addendum and looked at separately on the agenda.

Coming consultations on investment issues

There is no progress to report with the range of consultations from DLUHC on investment related issues (eg pooling, levelling up, the Competition and Markets Authority Order and the response to the climate risk reporting consultation). We have been told to expect something before Summer Recess (20 July).

We believe that a Government Bill on boycotts, divestment and sanctions (BDS) is 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

There has been no further progress, with DLUHC still saying that any amendments to the 2013 regulations will not happen this calendar year. They have also said that

any changes made will be minimal and the Minister would like to see funds take action on this themselves, without needing direction from the Department.

We had expected to see DLUHC mandate reporting against a common set of performance benchmarks, with the Committee advising that these should be embedded into administration software systems, or otherwise tech led. The aim being to harness consistently the data that is already readily available to create benchmarks without any additional compliance burden. There is discussion elsewhere on the agenda about what might be done to advance more consistent performance reporting without intervention from the centre.

Survivor Benefits and Death Grant Entitlement

We are still waiting to see the promised DLUHC consultation on amendments to LGPS regulations which would implement recent court judgments in this area but have been told that the Minister will not now remove the upper age limit on entitlement to death grants (which is currently 75). Cllr Phillips, Chair of the Board, told DLUHC officials that he will raise this with the Minister directly as we feel this is a real risk for funds. The Board's view is that this provision is clearly direct age discrimination and there is no obvious justification for it (or for not changing it) – particularly given that the LGPS is the only remaining public service pension scheme with this provision.

Transport for London (TfL)

Following funding challenges during and post-Covid and concerns about funding potential future levels of employer contributions, TfL was required by the Department for Transport and HM Treasury to undertake a review of the main TfL pension scheme. It seems from [correspondence](#) now in the public domain that Government's preferred option is to transfer members of that scheme with their past liabilities into the LGPS, and to have future accrual for TfL employees in the LGPS.

While it is not the place of the Board to take a position on the future of TfL pension arrangements, we have had an initial meeting with DLUHC officials and outlined our concerns. These are principally around protecting the integrity of the LGPS scheme and not placing further unmanageable burdens on its administration. There is also the question of employer risk and who would underwrite the obligations of TfL if it were to participate in LGPS. If the Government does pursue making this change, then it is likely to need primary legislation, since the unions are opposed and such a change would otherwise require individual member consent.

7) Meeting agenda item 13: Dashboards survey responses

Out of the 98 administering authorities responses were received from 50.

Industry awareness

3. Do you understand the roles MaPS, PDP, TPR and PASA perform in delivering dashboards?

Of the 50 authorities who responded:

- 96 per cent – yes
- 4 per cent - no

Keeping your stakeholders up to date

4. You are responsible for making sure your relevant stakeholders are up to date with the latest developments on dashboards. Do you regularly discuss dashboards with your relevant stakeholders ?

Of the 50 authorities who responded:

- 90 per cent – yes
- 10 per cent - no

If no please explain why?

- will be commencing with this soon
- waiting for further detail on revised timeframe
- because the implementation date is still some time off but we have been contact with relevant parties on an ad hoc basis
- with some but not all stakeholders at this point
- discussions yet to commence with AVC provider Prudential
- some stakeholders listed have not been engaged with (actuary, legal advisers, AVC providers) but will consider that now it has been brought to my attention.

Governance

5. You are responsible for keeping your Pensions Committee and Local Pensions Board up to date with the latest developments on dashboards, including your plans to implement dashboards. Are dashboards a standing item on the agendas of your Pensions Committee and Local Pensions Board meetings?

Of the 50 authorities who responded:

- 80 per cent – yes
- 20 per cent - no

If no please explain why?

- intend to do so when we commence with the project
- pension board and pension committee and fully aware of the pension dashboard - updates are given as and when there are developments
- due to the delay in the connection date this is not a standing agenda item - it will be added when there is further information to share
- yes for pensions board, no for committee
- ad hoc updates until further into the project
- it is not a standing agenda item for each meeting, however, is on the agenda periodically and covered in training sessions as required
- actions captured as part of business plan reporting
- mentioned regularly but not a standing item
- the board and committee is updated each time there is an update as part of another paper, which is a standing item
- not as its own agenda item but included in other reports; business plan and development items which include updates on the dashboard
- however we have had questions at committee about what we are doing and once we have assessed our data and decided on a course of action progress will be reported.

Accuracy and accessibility of your data

6. Dashboards require you to digitally hold your pension records so they can be digitally matched and returned for display on whichever dashboard your members choose to use. Have you incorporated dashboards data requirements into your wider data management plan?

Of the 50 authorities who responded:

- 88 per cent – yes
- 12 per cent - no

If no please explain why?

- not sure of what is meant by data management plan
- not yet, this is a work in progress

- we will be making these plans following completion of year end 2023
- data management plan under development
- waiting for details to be provided by our administration provider
- data management plan currently being updated so dashboard requirements will be included in due course.

Internal controls and record keeping

7. You will be expected to operate internal controls in line with TPRs General Code of Practice when implementing dashboards. These records will help provide TPR with a rounded and transparent view of your efforts to comply with legislation. Have you set up your internal controls register to implement dashboards?

Of the 50 authorities who responded:

- 38 per cent – yes
- 62 per cent - no

If no please explain why?

- will commence shortly
- the Fund and our third party administrator will be working on this shortly
- will be done once an ISP is procured
- this is in progress and will be shortly finalised
- will assess against the SCofP when published
- we are currently using the TPR checklist as the code has not been published
- we were not aware of this
- due to the delay with Pension Dashboards and with other scheme changes we had to distribute resources temporarily but this will be in place over the coming weeks/months
- working towards this with third party administrator
- working on McCloud
- again a work in progress
- will be addressed at a later date
- need to review alongside TPR Single Code when published
- due to project reset
- we are in the process of putting together a project plan and are waiting for confirmation of the new timescales for delivery of the dashboards.
- TPR's single code now called general code is currently being implemented but we are not clear of the start date of the code

- we are not at that stage of the project at this time
- not sure - we have 3rd party administrators
- not done it yet due to other priorities
- Internal Controls register under review
- we're waiting on our ISP solution providing detail on what the reporting will provide
- the single code is not yet finalised - we do have internal controls looking at data quality - amendments will be made as necessary as part of our alignment to the new code
- dashboard specifically will be added shortly
- we need to understand the process further prior to finalising our internal controls
- unaware of this expectation
- this will be done in due course, but not yet started
- too early in the process.

Budget

8. There are two aspects to your budget you need to consider. A connection budget and an ongoing business as usual budget. Have you allocated a connection budget or put a business case in place, to implement dashboards?

Of the 50 authorities who responded:

- 48 per cent – yes
- 52 per cent - no

If no, please explain why?

- will commence soon
- to be clarified with our third party administrator
- connection budget understood - ongoing BAU budget yet to be decided
- have a general budget to cover system developments, McCloud rectification and dashboards
- still uncertain around providers and implementation date
- not yet, we are working on a business case
- no, for the connection, this will be ascertained when costs are known and a framework for procuring a provider is in place - any additional BAU resource will be drawn from the pension fund directly

- awaiting further information from our pensions administrators but we are aware that there will be a budget requirement
- not started project yet
- not yet, likely to hit the 2024/2025 budget
- not yet scheduled
- an amount has yet to be determined, but the fund accountant and pension committee and LPB are aware that there will be additional costs
- no accurate costings yet available from ISP suppliers
- costs unknown due to software retender, but will be incorporated into future budget
- budget considerations is very much on the agenda for later this year
- senior and technical officers are in ongoing discussions on a monthly basis with our administration software provider about ISP provision and latest pensions dashboards developments before determining overall service budgetary requirements
- we are in the process of putting together the business case and project plan
- dashboards were part of our 2023/24 business plan and fall under the remit of general pensions spending within the budget
- not yet as dates changing and costs unclear
- we have not received a cost for dashboards from our software provider - will be an allowance in 2024-25 budget
- however only when we have assessed our data will we be in a position to determine a budget that covers rectification and connectivity to ecosystem
- still waiting for prices
- on each funds' business plan but no specific budget for 23/24 year (however, data improvement costs are included in the budget) - will include connections cost in 24/25 budget and ongoing related costs from 24/25 onwards
- too early, it will be included in 2023/24 budget.

Connection

9. You must connect to the ecosystem within your connection window. You need to decide how you are going to do this. You can connect directly or via a third party - an integrated service provider (ISP). The ISP will create their own connections with the ecosystem and plug you in alongside other clients. Have you appointed an ISP?

Of the 50 authorities who responded:

- 24 per cent – yes

- 76 per cent - no

- soon
- ISP provider decided - contract completion expected next couple of months
- awaiting for any changes in timeline due to delays with PDP
- when new timescales are known
- we are likely to go with our software provider but haven't appointed them yet
- there is a National Framework looking at this however we are unsure if it will be ready in time - the Fund is working with our pension administration software provider on this matter
- we will look at this once the frameworks for procuring a provider is in place
- awaiting confirmation if National Frameworks will cover this
- discussions with software provider due shortly
- not officially but we are working with software provider and expect this will be our chosen ISP and have allocated resources in budget
- we plan to do this as part of a re-tender of the main contract
- an ISP has not yet been appointed however we have decided that a 3rd party will be used.
- plans in place but not signed and confirmed yet
- need to tender for new system provider first
- once clearance is obtained from my line manager
- 2023-24
- but ISP is a requirement in software tender
- senior and technical officers are in ongoing discussions on a monthly basis with our administration software provider about ISP provision.
- within the next 12 months
- when we have confirmation of the new timescales
- by end August
- details request from our software provider but yet to be received
- not yet - this will be done via our 3rd party administrator
- we haven't officially appointed them but are planning to use our current software provider
- when Heywoods offer this service formally
- currently going through a tender process
- we use a provider we can connect through but need to confirm whether we have to do a separate procurement
- summer 2023

- next few months
- waiting for guidance from LGPS Frameworks
- as soon as we are provided with costs
- however our existing supplier has developed an ISP solution for clients
- end of 2023 or early 2024
- expect to appoint software provider
- we are waiting for the national framework to be set up - we have found costs to be very high, hence we are waiting to look at our options
- in 2023/24

10. Your connection window is currently from 1 September 2024 to 30 September 2024. You can apply to MaPS for an earlier connection window. Your integrated service provider (ISP) may ask you to connect earlier to reduce the number of clients connecting within the same connection window. Have you considered connecting early?

Of the 50 authorities who responded:

- 14 per cent – yes
- 86 per cent - no

Matching criteria

11. You need to understand what personal data and contact information you will receive from the pensions finder service to help you match members to their pension records – this is called 'find data'. From the data and information you receive, it's your decision what you use to find members on your pensions administration software system. Have you considered what 'find data' you will use to match members with their pension records?

Of the 50 authorities who responded:

- 79.59 per cent – yes
- 20.41 per cent - no

Project management

12. Have you or your third party administrator set up, or does either party intend to set up, a working / project group to implement dashboards?

Of the 50 authorities who responded:

- 86 per cent – yes

- 14 per cent - no

- will commence soon
- working on McCloud
- senior and technical officers are in ongoing discussions on a monthly basis with our administration software provider before determining final resource strategy
- will be set up following completion of year end
- likely to form part of the role of an existing working group

8) Meeting agenda item 13: Dashboards updates software suppliers

Heywood Pension Technologies update

Provided by John Dale on 22 May 2023.

Our Pensions Dashboards Hub was launched on 6 April 2023:
https://www.heywood.co.uk/pensions-dashboards-hub

Preparation for CLASS Group Annual General Meeting Pensions Dashboard Programme (PDP) sessions in progress.

Six successful non-Altair Heywood integrated service provider bids:

- four implementations in progress
- approximately 1.5 million defined contribution and defined benefit scheme members.

Direct customer engagement continuing - we continue to provide PDP overviews for schemes and trustees.

Heywood continue to maintain regular engagement with PDP and Partners (Money and Pensions Service, Pensions Administration Standards Association, the Pensions Regulator etc).

Data Readiness Service – 65 per cent of customers signed up for our Dashboard Data Accuracy Report.

Development update:

- prototype matching test harness developed
- no national insurance number matching in development
- PDP end to end encryption now supported for non-Altair customers

Civica update

Provided by Kerrie Shields on 18 May 2023.

Civica are working closely with Money and Pensions Advice Service (MaPS) and the Pensions Regulator (TPR) to make sure they are aware of the revised plans for on-boarding to the dashboard ecosystem.

- onboarding paused until after the re-plan by Department for Work and Pensions & MaPS

- we are testing internally based on anonymous client data including volume testing - once we have completed the on-boarding process to the ecosystem we will start testing with our early adopter clients
- once we start client testing, we will advise further about matching percentages
- Civica hold monthly sessions with clients to show progress and answer any queries.

Equiniti update

Non provided.

Capita update

Provided by Martyn Slaughter on 24 May 2023.

Capita remain signed up to be an early participant with Money and Pensions Service (MaPS), and are working closely with the Pensions Dashboards Programme (PDP) and the Department for Work and Pensions (DWP) on their plans for the reset, which was announced by the pensions minister on the 2nd March.

Capita have been involved in discussions around the reset with DWP and PDP and are part also of the Pensions Administration Standards Association working group. However, we are under a non-disclosure agreement with PDP, so can't provide further detail at this stage.

Capita continue to invest in their pensions dashboard preparation and, in line with industry opinion, are keen to support clients in the preparation for readiness to connect to the pensions dashboards.

Capita continue to assign project managers to each client, based on their current staging dates set out by the regulations, thereby providing a close helping hand in onboarding their pension scheme. By the time the LGPS is currently due to be onboarded Capita anticipate (subject to the reset) that they will already have connected and onboarded a considerable number of clients. This experience will result in a refined process.

Currently working on a client-by-client basis; to date, the LGPS is still in a discovery phase regarding exactly what 'value data' will be provided for all scenarios. However, there is a common solution in place for holding and retrieving the information that will be delivered to the Dashboard.

Generic 'value data' that Capita is currently working towards providing:

- accrued value & projected value (active members, where annual benefit statements (ABS) exist) – use latest ABS data on file
- accrued value & projected value (active members, where ABS doesn't exist) – to be confirmed/developed
- accrued value (deferred members, where member is under normal pension age (NPA)) – use latest ABS data on file (where an ABS hasn't been prepared, it's possible to obtain info from the deferred 'event' on the system)
- accrued value (deferred members, where member is over NPA, but has deferred benefits beyond NPA and is currently under 75) – use latest ABS data on file
- accrued value (deferred members, where member is over NPA, but has not deferred benefits beyond NPA or is currently under 75) – undecided; PDP allows pension providers to not provide a value and instead provide 'warning flags' (though only in certain circumstances), such as:

  - action outstanding from member (ie member is beyond NPA and is now technically a pensioner, so will need to claim benefit) – for reference, we don't provide an ABS for similar members and, instead, send them a letter that relays a message very similar to this
  - estimate retirement income is unavailable (similar to above, but the reason for the 'flag' is not particular informative to the member

  Alternatively, we're developing a 'flag' that still provides a value, but it's the same value as that at the member's NPA:

  - member is post NPA and needs to claim their benefits; therefore, the values shown are the same as those at NPA

  Based on the PDP rules, our PDP team are unclear on whether such members are defined under the legislation as 'pensioners' but we can see that there is a strong argument that they are such a member; after all, if such a member died today, they'd be treated a deceased pensioner.

9) Meeting agenda item 14: Dashboards Prudential

See attached addendum.

10)   Meeting agenda item 15: McCloud survey responses

Out of the 98 administering authorities responses were received from 57.

3. Do you hold the working hours for the period from 1 April 2014 to 31 March 2022 for your scheme membership?

Out of the 57 authorities who responded:

- 22.81 per cent have collected or already hold, 100 per cent of the hours data for their relevant scheme membership
- 59.65 per cent have collected between 51 per cent and 99 per cent of the hours data for their relevant scheme membership
- 14.04 per cent have collected between 1 per cent and 50 per cent of the hours data for their relevant scheme membership
- 3.51 per cent have not collected any hours for their relevant scheme membership.

If you have not collected any hours for the relevant scheme membership, please indicate when / if you plan to do so?

- we hold the vast majority of data - only a handful of small employers and casuals are currently missing - these employers have been contacted for the data
- not currently known
- data request sent in June 2023.

4. Do you hold the service break data for the period from 1 April 2014 to 31 March 2022 for your scheme membership?

Out of the 57 authorities who responded:

- 21.05 per cent have collected or already hold, 100 per cent of the service breaks data for their relevant scheme membership
- 59.65 per cent have collected between 51 per cent and 99 per cent of the service breaks data for their relevant scheme membership
- 15.79 per cent have collected between 1 per cent and 50 per cent of the service breaks data for their relevant scheme membership
- 3.51 per cent have not collected any service breaks data for their relevant scheme membership.

If you have not collected any service break data for the relevant scheme membership, please indicate when / if you plan to do so?

- imminently
- we have sent out the spreadsheet to employers and dealing with individual employers
- as soon as possible
- not currently known
- data request being sent to employers in June 2023.

5. **Have you loaded the hours data to your pensions administration system for the period from 1 April 2014 to 31 March 2022 for your scheme membership?**

Out of the 57 authorities who responded:

- 19.30 per cent have loaded or already hold, 100 per cent of the hours data for their relevant scheme membership
- 36.84 per cent have loaded between 51 per cent and 99 per cent of the hours data for their relevant scheme membership
- 22.81 per cent have loaded between 1 per cent and 50 per cent of the hours data for their relevant scheme membership
- 21.05 per cent have not loaded any hours data for their relevant scheme membership.

If you have not loaded any hours data for the relevant scheme membership, please indicate when / if you plan to do so?

- not sure - need to look at workloads
- July 2023
- once validation / verification checks have taken place in the next 2-3 months
- before October 2023 - still validating the data
- summer/autumn 2023
- the data for the vast majority of employers has been loaded - only a small amount of data requires an update
- intention to interface changes in latter half of 2023
- in process
- within the next 6 to 9 months
- following end of year
- we are currently testing the loading of bulk data and will begin live loading shortly
- within the next 6 months

- Oct / Nov 2023.

6. Have you loaded the service breaks data to your pensions administration system for the period from 1 April 2014 to 31 March 2022 for your scheme membership?

Out of the 57 authorities who responded:

- 15.79 per cent have loaded or already hold, 100 per cent of the service breaks data for their relevant scheme membership
- 35.09 per cent have loaded between 51 per cent and 99 per cent of the service breaks data for their relevant scheme membership
- 22.81 per cent have loaded between 1 per cent and 50 per cent of the service breaks data for their relevant scheme membership
- 26.32 per cent have not loaded any service breaks data for their relevant scheme membership.

If you have not loaded any service breaks data for the relevant scheme membership, please indicate when / if you plan to do so?

- not sure -will have to look at workloads
- July 2023
- once validation / verification checks have taken place in the next 2-3 months
- third party administrator is in the process of obtaining this data on a monthly basis from us, as the scheme employer - the last batch is due to be submitted to them in August 2023 - once all data has been received by third party administrator, the data will be loaded to the pensions administration system
- before October 2023 - still validating the data
- summer / autumn 2023
- after hours data has been uploaded
- intention to interface changes in latter half of 2023
- in process with individual employers dependant on what they can supply
- within the next 6 to 9 months
- following end of year
- as above
- within the next 6 months
- Oct / Nov 2023

7. Have you cleansed and verified the hours data loaded to your pensions administration system for the period from 1 April 2014 to 31 March 2022 for your scheme membership?

Out of the 57 authorities who responded:

- 17.54 per cent have cleansed and verified, 100 per cent of the hours data loaded to their pensions administration system for their relevant scheme membership
- 43.86 per cent have cleansed and verified between 51 per cent and 99 per cent of their hours data loaded to our pensions administration system for their relevant scheme membership
- 24.56 per cent have cleansed and verified between 1 per cent and 50 per cent of the hours data loaded to their pensions administration system for their relevant scheme membership
- 14.04 per cent have not cleansed and verified any hours data loaded to their pensions administration system for their relevant scheme membership.

If you have not cleansed and verified the hours data loaded to your pensions administration system for the relevant scheme membership, please indicate when / if you plan to do so?

- not sure - will have to look at workload
- summer/autumn 2023
- the data that is currently held in the database has been cleanse - any missing data will be cleansed as it is loaded
- we have cleansed data for valuations but still cleansing in respect of McCloud hours and service on individual employer basis
- as not yet loaded (aiming within the next 6 – 9 months) likely to be nearer the end of 9 months
- following end of year
- we plan to do this in May 2023
- as soon as possible
- within the next 6 months
- Oct / Nov 2023.

8. Have you cleansed and verified the service breaks data loaded to your pensions administration system for the period from 1 April 2014 to 31 March 2022 for your scheme membership?

Out of the 57 authorities who responded:

- 15.79 per cent we have cleansed and verified, 100 per cent of the service breaks data loaded to their pensions administration system for their relevant scheme membership

- 40.35 per cent have cleansed and verified between 51 per cent and 99 per cent of the service breaks data loaded to their pensions administration system for their relevant scheme membership
- 22.81 per cent have cleansed and verified between 1 per cent and 50 per cent of the service breaks data loaded to their pensions administration system for their relevant scheme membership
- 21.05 per cent have not cleansed and verified any service breaks data loaded to their pensions administration system for their relevant scheme membership.

If you have not cleansed and verified the service data loaded to your pensions administration system for the relevant scheme membership, please indicate when / if you plan to do so?

- not sure - will have to look at workload
- the full cleanse will take place once the data has been loaded to the system after August 2023 - however, the data is being sense checked as when our third party administrator receive the monthly batches from us (as the scheme employer)
- summer/autumn 2023
- after dealing with the hours data
- in process but ultimately will need to accept what employers are able to provide
- as not yet loaded (which aiming within the next 6 to 9 months), likely to be nearer the end of the 9 months
- following end of year
- we plan to do this in May 2023
- as soon as possible
- within the next 6 months
- Oct / Nov 2023.

9. How much of your relevant scheme membership is completely cleansed for the purpose of McCloud?

Out of the 57 authorities who responded:

- 21.05 per cent have completely cleansed between 90 per cent and 100 per cent of their relevant scheme membership
- 7.02 per cent have completely cleansed between 80 per cent and 90 per cent of their relevant scheme membership.
- 5.26 per cent have completely cleansed between 70 per cent and 80 per cent of their relevant scheme membership.

- 3.51 per cent have completely cleansed between 60 per cent and 70 per cent of their relevant scheme membership.
- 12.28 per cent have completely cleansed between 50 per cent and 60 per cent of their relevant scheme membership.
- 14.04 per cent have completely cleansed between 40 per cent and 50 per cent of their relevant scheme membership
- 1.75 per cent have completely cleansed between 30 per cent and 40 per cent of their relevant scheme membership
- 1.75 per cent have completely cleansed between 20 per cent and 30 per cent of their relevant scheme membership
- 5.26 per cent have completely cleansed between 10 per cent and 20 per cent of their relevant scheme membership
- 28.07 per cent have completely cleansed between 0 per cent and 10 per cent of their relevant scheme membership.

10. Have you communicated with your scheme members in about McCloud?

Out of the 57 authorities who responded:

- 24.56 per cent have not communicated with their scheme members about McCloud
- 75.44 per cent have communicated with their scheme members about McCloud

11. Have you communicated with your scheme employers about McCloud?

Out of the 57 authorities who responded:

- 3.51 per cent have not communicated with their scheme members about McCloud
- 96.49 per cent have communicated with their scheme members about McCloud.

12. Have you or your third party administrators, informed your Pensions Committee the latest developments on McCloud?

Out of the 57 authorities who responded:

- 94.74 per cent - yes
- 5.26 per cent – no

If no please explain the reasoning behind this decision?

- update due June 2023
- waiting for further updates before reporting to Committee

- administration is done in house

13. Have you or your third party administrators, informed your Local Pensions Board with the latest developments on McCloud?

Out of the 57 authorities who responded:

- 98.25 per cent - yes
- 1.75 per cent – no

If no please explain the reasoning behind this decision?

- update due June 2023

14. Have you or your third party administrators recruited, or does either party intend to recruit, extra resource to help implement the McCloud remedy?

Out of the 57 authorities who responded:

- 73.68 per cent confirm they or their third party administrators have recruited or intend to recruit extra resource to help implement the McCloud remedy
- 26.32 per cent confirm neither they nor their third party administrators have recruited nor do they intend to recruit extra resource to help implement the McCloud remedy

If neither you or your third party administrator have not, nor does either party intend to do so, recruit extra resource to help implement the McCloud remedy, please explain the reasoning behind this decision?

- funding availability
- we are already a small team and struggle to recruit - the training required to get a basic understanding to be able to implement remedy, would be resourceful in itself
- whilst we do not intend to recruit extra resource to help implement this currently, we are not completely closed off to this and this decision will very much depend on how many cases we have which require rectification as well as whether the software system is updated to deal with new cases from October 2023
- we anticipate being able to manage the administration of the reforms using existing staffing (partly because we have already increased staffing in general)
- we are awaiting for the system provider to finalise bulk calculation - we will assess resources following the output of the system calculations

- senior officers are waiting for sight of final McCloud Remedy Regulations before deciding whether additional resource will be required to implement the McCloud Remedy
- at the moment it is being done in house but we may look for third party support further down the line if required for recalculations
- we have sufficient resource to deliver the required outcomes
- we have a project team in place that has been working on the remedy since January 2022.
- cost, difficulty in getting experienced resource.

15. Please enter any other comments you wish to make about implementing the McCloud remedy

- whilst a budget has been put in place for additional resources, we are struggling to recruit - this is impacting on our ability to deliver the project - we are trying to balance compliance with statutory deadlines with managing the McCloud Remedy Project - this is challenging - we continue to explore ways to deliver the project
- hope clear guidance is provided to administrators for actual implementation of McCloud
- we remain concerned about the ongoing delay of the publication of the 2nd consultation and the lack of time thereafter for Funds to implement the remedy
- for LGPS, regulations are still awaited to enable the remedy's implementation from October 2023 - without final regulatory requirements, software providers and administrators are unable to build the necessary systems and processes and provide the training required to be able to implement the remedy
- the final end to end plan for remediation is due to be shared by third party administrator imminently
- we have only realised that we now need to retrospectively collect age 65 final salary pay and CARE pay for those members who qualify for the underpin and have worked past age 65 - we have 3,370 members with no age 65 pay. Are other administering authorities in a similar position?
- the resource we have recruited is very limited to junior staff for input - the project is currently needing to be absorbed into limited resources inhouse
- it is a huge challenge especially as data is being uploaded manually in order to ensure previous manual service history calculations are not overwritten
- when we say we've recruited extra resource this is in the form of Heywoods assistance in the project.

11) Meeting agenda item 16: McCloud – collection of final salary and CARE pay at 2009 Scheme normal pension age

Raised by Zena Kee on 11 May 2023 on behalf of NILGOSC.

From the recent DLUHC response to its consultation, the SAB guidance on McCloud Data Collection Exercise and initial testing of McCloud software programming it is apparent that we should have and now need to collect both final salary pay and CARE pay for each in scope member who remained in active service since 2015 (2014 in England & Wales) for the year ending before their 2009 Scheme normal pension age, generally age 65. NILGOSC currently has 3,370 members (active and pensioners) who require age 65 pays for their McCloud underpin calculations. For underpin calculations it appears that the software requires an age 65 final salary pay and is pro-rating the CARE pay in the year the person reaches age 65.

Are other administering authorities in a similar position or have they been collecting both pays from employers as members reached their 65 birthday?

Despite employers being advised they should retain pay records going back 13 plus years we are aware that several of these employers will either no longer exist or they will have destroyed their pay records once they were past six years. In a similar way to the approach for missing data for hours and service breaks I expect we may need to make assumptions and estimate pays in several cases.

12) Meeting agenda item 19: E-signatures for interfund adjustments

Raised by Emma Sanders on 6 April 2023 on behalf of SWAPOG.

With the move to more communications and actions being carried out on-line usually through a member portal could an agreement be set up between administering authorities to accept on-line election for the aggregation of benefits where an interfund is payable.

In these cases the member will have to sign into the Portal for example Member Self-Service (Altair) and to do this there would be a two way authentication. When signed into the portal they would tick a box to agree to the aggregation of their benefits which would be accepted as an e-signature (there would be no physical signature), ie. the box would be next to a statement requesting the aggregation.

When requesting the payment of the interfund a screenshot of the member's election could be shared with the previous administering authority so that they have a copy of the election.

13) Meeting agenda item 20: Pension on Divorce

Raised by Karen Gibson on behalf of SWAPOG.

When processing an Actual Divorce following a pension sharing order, UPM requires the following dates to be supplied:

Date of order

Our understanding of this: Date on the order.

Date order received

Our understanding of this: Date the order was received.

Valuation date

Our understanding of this: Under Regulation 1997 the later of:

1. The date the court order or agreement comes into effect.
2. The first day of the 'implementation' period – the first day the administering authority has all the information, the order or decree, or in receipt of the fees which are to be paid for implementing a pension sharing order.

Calculation date

Our understanding of this: The calculation date should be the valuation date.

The date used for creating the Ex-Spouse's credit record is the **valuation date** (the later of the court order/Annex or fees) so potentially could be a lot later than the date on the order.

Example

Actual Pension sharing

- date of order 6 August 2020
- date order received 5 October 2020
- valuation date 18 August 2022 (last fee paid)

Although chased both parties for the relevant fees several times, it was only received two years after the date of order.

The ex-spouse pension record was created from the valuation date – 18 August 2022.

Are you able to clarify if our understanding of the valuation date and calculation dates are correct and feedback on what other funds are using?

Are other funds using the valuation date (first day of implementation period) for the relevant factors / pensions increase for the ex-spouse but the value is based on the date of the order.

The issue both about the delay of possible access to benefits for the pension credit member, as well accuracy of the calculation.

14)   Meeting agenda item 21: Annual Report Guidance

Raised by Becky Clough on behalf of Scheme Advisory Board England & Wales.

Scheme Advisory Board (SAB) Compliance and Reporting Committee – Annual Report Workstream

The Scheme Advisory Board's (SAB) Compliance and Reporting Committee has a workstream in place to update the 2019 statutory guidance entitled 'Preparing the Annual Report'. The group is aiming to update the current guidance in readiness for the creation of the 2023/24 fund annual reports.

Reporting requirements for fund administration is predominantly covered in Section D and Annex 2 of the 2019 guidance. Annex 2 provides Key Performance Information (KPI) example tables setting out the administration tasks throughout the year to be reported (extract below).

The workstream is looking for volunteers from the National LGPS Technical Group and/or Pension Officer Groups to provide feedback on the KPI information listed in annex 2 (tables 1 and 2), to ensure data is/can be collected and reported in a consistent way.

General feedback on the administration reporting requirements can also be provided, however, DLUHC have confirmed that any legislative reporting requirements cannot be changed this calendar year.

Overleaf is an extract from Annex 2 of CIPFAs 2019 guidance 'Preparing the Annual Report.'

ANNEX 2

Scheme administration

A working party set up by CIPFA during 2018 is aiming to develop a process whereby scheme administration data can be captured on a consistent basis and shared between funds. The group has suggested that as a first step the following information is captured and reported:

Table 1: Key performance information

Process		No. cases outstanding at start of the period	No. cases commenced in year	No. cases completed in year	No. cases outstanding at year end	% completed in year
Deaths – Initial letter acknowledgement death of active/deferred/pensioner member						
Deaths – Letter notifying amount of dependant's benefit						
Retirements – Letter notifying estimate of retirement benefits (include all retirement types: normal, ill heath, early, late etc)	Active					
	Deferred					
	Total					
Retirements – Letter notifying actual retirement benefits (include all retirement types: normal, ill heath, early, late etc)	Active					
	Deferred					
	Total					
Retirements – process and pay lump sum retirement grant (include all retirement types: normal, ill heath, early, late etc)	Active					
	Deferred					
	Total					
Deferment – calculate and notify deferred benefits						

Process	No. cases outstanding at start of the period	No. cases commenced in year	No. cases completed in year	No. cases outstanding at year end	% completed in year
Transfers in – Letter detailing transfer *in* quote					
Transfers in – Letter detailing transfer *in*					
Transfers out – Letter detailing transfer *out* quote					
Transfers out – Letter detailing transfer *out*					
Refund – Process and pay a refund					
Divorce quote – Letter detailing cash equivalent value and other benefits					
Divorce settlement – Letter detailing implementation of cash equivalent value and application of pension sharing order					
Member estimates/projections					
Joiners – Send notification of joining the LGPS to scheme member					
Aggregation – Send notification of aggregation options					

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