

# National LGPS Technical Group meeting documents

## For meeting held on 4 October 2024

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## 1) Meeting agenda item 5: Technical Group Minutes of 7 June 2024

### 1. Meeting documents

The documents for this meeting are contained in a [single PDF](#).

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

### 2. Date and time of meeting

The meeting started at 11.00am and finished at 2.00pm on the 7 June 2024.

### 3. Venue

The meeting was held entirely in person at Mercer, Tower Place West, 50 Lower Thames St, London EC3R 5BU.

### 4. Attendees and apologies for absence

#### Attendees

- Joanne Griffiths - Welsh Pension Officer Group
- Ian Howe (Deputy Chairman) - East Midlands Pension Officer Group
- Phil Drury - East Midlands Pension Officer Group
- Heather Chambers – Northeast Pension Officer Forum
- Lisa Garton – Northeast Pension Officer Forum
- Emma Sanders - Southwest Area Pension Officer Group
- Sandy Armstrong - Southern Area Pension Officer Group
- David Kellond- Southern Area Pension Officer Group
- Matt Mott - Southeast Counties Superannuation Officer Group
- Joel Ellner - Southeast Counties Superannuation Officer Group
- Richard Smythe - London Pension Officer Group
- Martin Doyle - London Pension Officer Group
- Helen Tomkins – Shrewsbury Pension Officer Group
- Vicky Jenks - Shrewsbury Pension Officer Group
- Erin Savage - Scottish Pensions Liaison Group
- Zena Kee - Northern Ireland Local Government Officers' Superannuation Committee
- Kimberly Linge - Scottish Public Pension Agency
- Jayne Wiberg - Local Government Association
- Lorraine Bennett - Local Government Association

Prepared by Jayne Wiberg – National LGPS Technical Group Secretariat

- Steven Moseley (Scotland) – Local Government Association
- Paul Kateley – Heywood Pension Technologies
- Lissa Evans - Civica
- Dave Friend – Equiniti
- Martin Slaughter - Capita Experience Pension Solutions
- Gavin Paul - Barnett Waddingham
- Ian Colvin Actuarial - Hymans Robertson
- Justine Davies - Price Waterhouse Coopers
- Catherine Pearce - Aon
- Jonathan Perera – Mercer

#### Additional attendees

- Jan Scott - Scottish Public Pension Agency

#### Apologies for absence – with replacements

- Suzanne Firth – Northeast Pension Officer Forum replaced by Lisa Garton
- Claire Hey – Heywood Pension Technologies replaced by Paul Kateley
- Melanie Durant - Barnett Waddingham replaced by Gavin Paul

#### Apologies for absence – no replacements

- Kevin Gerard (Chairman) - Welsh Pension Officer Group
- Karen Gibson - Southwest Area Pension Officer Group
- Alan Wareham – Department for Levelling Up, Housing and Communities
- Joanne Donnelly – Local Government Association
- Kelly Scotford – Secretariat

#### Non attendance

- William Dobbin - Department for Communities (Northern Ireland)

### **5. Minutes of the last meeting**

Item 1 in the meeting documents – highlighted in grey for ease of reading within the meeting documents.

The minutes of the meeting held on 8 March 2024 were agreed in full.

## **6. Matters arising from previous minutes**

To note

At the meeting of 10 March 2023 the group agreed that Jayne Wiberg would draft the transfer out process where the member holds more than one deferred benefit. Jayne distributed the draft process to standing members of the group on 25 April 2023 who provided comments. The new process and deferred member transfer pack has been created though it is still waiting for its final check. The delay has been caused due to a strain on resources because LGA team are working on the McCloud remedy and LTA guidance.

## **7. Local Government Association (LGA)**

Jayne Wiberg took questions on bulletins 248, 249, 250 and 251 published since the last meeting. All bulletins can be found in the Bulletin pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

A question arose from an article in [bulletin 251](#) regarding the payment of a pension commencement excess lump sum (PCELS) and additional voluntary contributions (AVCs). In line with the guidance in [HMRC pension scheme newsletter 159](#), Lorraine Bennett confirmed a PCELS cannot be paid from AVCs. The AVCs can be paid as a pension commencement lump sum with any remainder used to purchase additional pension.

Also from bulletin 251 a further question arose regarding McCloud protection and example one. Steven Mosely confirmed the member lost their McCloud protection upon aggregating employment period two with employment period three because the member had a disqualifying break.

## **8. DLUHC update (standing agenda item)**

DLUHC were unable to attend the meeting nor provide an update due to the meeting taking place in the pre-election period.

## **9. DLUHC update on recommendations and queries raised by the group (standing agenda item)**

At the March 2024 meeting group members were asked to consult their POGs to decide which [recommendations](#) they wish to keep and pursue a change to the regulations – item 3 in the meeting documents.

## Standing members vote

Following a group discussion standing members unanimously voted to pursue the following [recommendations for change](#) to the LGPS Regulations:

- removing the five year limit on refunds
- forfeiture policy change
- A V Cs used to purchase additional pension for pre 14 deferred members.

The group also agreed to drop the recommendation concerning aggregation and concurrency. There are certain situations where the concurrency formula is not applied when aggregating. The group agreed these cases are in decline and recommends administering authorities should simply apply the regulations as they stand.

### **10. SPPA update (standing agenda item)**

Kimberley Linge provided an update and took questions from the group - item 4 in the meeting documents, on behalf of the Scottish Public Pensions Agency (SPPA).

Erin Savage mentioned that she is preparing some comments on the updated Ill Health Guidance regarding the requirement for administering authorities to become more involved on the decision making process of the ill health test.

### **11. LGPS England & Wales SAB update (standing agenda item)**

Lorraine Bennett provided an update and took questions from the group – item 5 in the meeting documents, on behalf of the Scheme Advisory Board (SAB) in England & Wales.

Ian Howe mentioned his authority are struggling to extract all the data for the statistics from their pensions administration software system to enter into the Fund's Annual Report. Lorraine confirmed she would ask Becky Clough - SAB Secretariat, to contact Ian directly.

A member of the group asked how long it will take for the consultations that are in progress to be published? Lorraine confirmed following the general election, the new minister will need to approve the consultations before they can be published.

## Action

- Lorraine Bennett to ask Becky Clough - SAB Secretariat, to contact Ian Howe to discuss the extraction of the statistics for the Fund Annual Report.

## **12. Pensions Dashboards (standing agenda item)**

### **Connection guides**

The LGA published their LGPS connection guide in November 2023. This will now be updated following the publication of version 1.2 of the data standards and DWPs guidance on connection. A further guide covering AVCs and Dashboards will also be published.

Jayne Wiberg confirmed both guides are expected to be published June / July 2024.

### **Quarterly feedback from software suppliers**

The group discussed the updates - item 6 in the meeting documents, from the software providers detailing where they are in their development and support of pensions dashboards.

### **AVCs and dashboards sub-group**

Ian Howe provided a verbal update as to the progress of the AVCs and Dashboards group. The AVCs and Dashboards group is coming to a close as it has achieved its aim of producing an administering authority guide – due to be published June / July 2024. A further meeting is planned for December 2024 as a ‘catch up’ to discuss any issues that may have arisen.

The AVCs and Dashboards administrator guide is expected to be published by the LGA in June / July 2024. The LGA will maintain the guide with future updates as and when published by MaPS, PDP etc.

Ian thanked the working group for all their hard work and input.

## **13. McCloud remedy (standing agenda item)**

### **Survey**

At the March 2024 meeting the group agreed if members wanted a new survey for them to get together and devise a new survey – taking into account what the results are used for and what should be its content.

### **Group update**

See item 7 in the meeting documents supplied by Vicky Jenks, Jo Griffiths and Karen Gibson on 13 May 2024.

### Standing members vote

Following a group discussion, standing member's voted and six out of the nine pension officer groups agreed a new national survey should not be published – see below. Accordingly, a new national McCloud survey will not be published:

- LPOG – NO
- NEPOF – NO
- SAPOG – NO
- EMPOG – NO
- SPLG – NO
- SECSOG – NO
- WPOG – YES
- SWAPOG – YES
- SPOG – YES

Although the majority of standing members agreed not to proceed with a new national survey, the group acknowledged the dissemination of information from regional POGs, could be looked at as part of the review of the group's Terms of Reference.

### Club transfers calculations

At the March 2024 meeting the group agreed for Lorraine Bennett to contact DLUHC to ask them to contact the other public sector pension scheme departments to ask if they would relax the 12 month club transfer rule.

### Update from the LGA

Lorraine Bennett confirmed HMT have agreed they see no problem with relaxing the 12-month rule for club transfers but it would be up to each PSPS to agree. DLUHC will contact to each PSPS to obtain this approval.

### Action

- DLUHC to contact each PSPS to obtain approval to relax the 12-month club transfer rule and communicate this approval to administering authorities.

### 14. Scottish Widows

At the March 2024 meeting, the group agreed to establish a subgroup to look at the administrative issues surrounding Scottish Widows and AVCs, with Heather

Chambers chairing the Scottish Widows group. Other group members will be made up of representatives from administering authorities affected by the issue.

#### Update from Heather Chambers

Heather confirmed she is struggling to obtain a contact for Scottish Widows. As a last resort Heather will contact an individual on 'linked in' who has recently promoted Scottish Widows, in the hope that person can provide a suitable contact.

#### **15. Transfer out - Conga audit trail**

On 3 November 2023, Jayne Wiberg emailed standing members with an example 'Conga audit trail' for use in the completion of transfer out declaration forms by a private sector transfer company. Member were asked to supply comments agreeing or disagreeing with its use for discussion at this meeting. The group agreed to go back to their POGs and request each administering authority raise specific queries that can be put to Pensions Bee addressing any concerns that, in their view, prevents the use of the conga audit trail. Following the December 2023 meeting the LGA received communication from a POG thanking them for their engagement in this area. Though acknowledging there appears to be no easy solution that will satisfy all administering authorities. The group confirmed they would not support the use of the Conga trail as a means to replace existing procedures. The LGA had an initial conversation with Pensions Bee and informed them of this feedback. They expressed their view that it is possible there may not be a way forward, though they would confirm if there was any feedback contrary to this after this Technical Group meeting.

At the March 2024 meeting the group agreed to discuss the matter at their regional POGs and report back at the next meeting in June 2024.

#### Standing members vote

Following a group discussion, standing members unanimously voted not to pursue the use of the 'conga audit trail'.

#### **16. 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](http://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](http://www.scotlgpsregs.org). The latest version is dated 4 May 2022.

To note.

### **17. 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](http://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](http://www.scotlgpsregs.org). The latest version is dated 6 April 2022.

To note.

### **18. 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](http://www.lgpsregs.org) and [www.scotlgps.org](http://www.scotlgps.org).

To note.

### **19. 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](http://www.lgpsregs.org) and [www.scotlgps.org](http://www.scotlgps.org).

These recommendations have been updated following a vote by standing members on 7 June 2024. See [agenda item 9](#) for more information.

To note.

### **20. Group membership (standing agenda item)**

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

- Matt Mott replaces Louise Savage as the representative for SECSOG

The Chair thanked Louise for her contribution to the group.

### **21. Any other business (standing agenda item)**

To be supplied to the Chair before the meeting.

- Zena Kee raised a question on the consultation published by HMRC on 6 March 2024 titled '[Raising standards in the tax advice market – strengthening the regulatory framework and improving registration](#)'. The question concerned whether administering authorities might be impacted by the proposals?

#### Action

- LGA to have a look at the consultation titled '[Raising standards in the tax advice market – strengthening the regulatory framework and improving registration](#)' and confirm, if in their view, administering authorities might be affected by the proposals.

## **22. Terms of reference discussion – Standing members only**

The Terms of Reference (ToR) were last approved in March 2019.

A closed session took place with standing members discussing amendments to the ToR.

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## 2) Meeting agenda item 9: Recommendations and queries raised by the group with MHCLG

Full details of all the [recommendations](#) can be found on Technical Group page of [www.lgpsregs.org](http://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.

On 9 June 2023 DLUHC confirmed they 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.

On 29 September 2023, Alan confirmed DLUHC are deciding whether to take this request for change forward and thank everyone who provided data and comments as requested at the last technical group meeting. DLUHC received data from 35 administering authorities indicating in aggregate they hold around 60,000 deferred refunds. If this data is an indication of the average held across the scheme, this would mean that there are around 150,000 deferred refunds. If the change is approved it will be included in the amending statutory instrument covering survivor benefits.

On 8 December 2023, Alan confirmed they are currently looking into this item (as one of the items on the SAB technical query list) and thank everyone who provided data and comments as requested at the last technical group meeting.

## **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.

On 9 September 2023 DLUHC confirmed they 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.

On 29 September 2023, Alan confirmed they are currently developing a consultation 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.

On 8 December 2023, Alan confirmed they are currently developing a consultation 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. Discussion with HMT and GAD on implementation.

## **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.

On 29 September 2023, Alan confirmed when DLUHC have available resources this matter will be looked at.

### **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 UK's 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.

On 9 June 2023 DLUHC confirmed they 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.

On 29 September 2023, Alan confirmed DLUHC are deciding whether to take this request for change forward and thank everyone who provided data and comments as requested at the last technical group meeting. DLUHC received data indicating one administering authority has one case outstanding.

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### 3) Meeting agenda item 12: Dashboards updates software suppliers

#### Heywood Pension Technologies update

Received on 21 August 2024.

#### Sales/Implementation Update

- 31 Altair ISP customers and 11 ISP only wins to date - 5.4 million active and deferred pensions
- early adopter implementations have started with two customers
- stage 1 of the general ISP rollout to commence from September 2024.

#### Customer/Industry Engagement Update

- Heywood and two other volunteer participants will be working closely with PDP – further details to be announced in the near future
- Chris Connelly has been appointed to the PDP Dashboards Advisory Group to oversee delivery
- we continue to assist PDP in user research and have provide feedback on the latest versions of the Technical, Data and Reporting standards.

#### Development Update

- our ISP scrum team have completed development in line with the latest draft data and technical standards
- Altair LGPS automated value data extract development complete
- single source AVC development in progress:
  - new Altair table/data view
  - new interface and file specification (Liaising with LGA and the largest LGPS AVC provider on the file specification)
- ISP Console development progressing well, current user functionality includes

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- user Access
- match configuration (Create/Amend)
- match testing

## Civica update

Received on 18 September 2024.

Civica have been working closely with MaPS to make sure they are on track with on-boarding to the dashboard ecosystem.

- we have hosted monthly webinars on matching, AVCs, business processing and the technical & security aspects of the solution
- we start our connection journey soon as part of the voluntary participants group with MaPS
- we have a volunteer LG client to help us connect
- we will be setting up additional webinars as the connection journey gets under way
- Civica have also been participating in user experience testing of the tools used to connect to the dashboard.

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## 4) Meeting agenda item 15: request to increase probate limit

Two queries received on the same subject.

1. Query received from Phil Drury – EMPOG, on 30 August 2024

[Regulation 82](#) of LGPS 2013 sets a limit on payment which can be made to a deceased member's personal representative without probate. The limit is set at the value in force under the [Administration of Estates \(Small Payments\) Act 1965](#). The current limit of £5,000 was set by [The Administration of Estates \(Small Payments\) \(Increase of Limit\) Order 1984](#) .

Although the limit is not set within LGPS regulations, the fact that it has not been adjusted since 1984 imposes a tight restriction on LGPS funds in their ability to release payments, usually to family, without the delays and application costs which probate bring, particularly at a distressing time for families.

This has been highlighted by a current appeal submitted against an LGPS fund because an outstanding pension payment in excess of £5,000 in respect of a deceased member could not be paid without probate. The appellant noted that the fund had been able to release a significant death grant sum, and other sums had been released from banks and building societies, all without requiring probate.

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Although any adjustment to the limit would be a matter for HM Treasury, as it has a direct impact on LGPS funds and their ability to release relatively small sums quickly and efficiently without probate, would it be possible to request that MHCLG highlight to HM Treasury the impact of the current limit and the benefit of a revised and updated limit.

It's noted that the limit under Northern Ireland legislation under [The Administration of Estates \(Small Payments\) \(Increase of Limit\) Order \(Northern Ireland\) 2020](#) was increased to £20,000 from 8 December 2020 having previously been increased from £5,000 to £10,000 in 2004.

## 2. Query received from Erin Savage – SPLG, on 22 September 2024

This question relates to payments due in respect of deceased persons. Provisions are identical in both of the following sets of regulations:

The Local Government Pension Scheme Regulations 2013 (relevant section: Regulation 82)

The Local Government Pension Scheme (Scotland) Regulations 2018 (relevant section: Regulation 77).

The regulations refer to Section 6 of the Administration of Estates (Small Payments) Act 1965 and limit the amount that can be paid to personal representatives to £5,000 without the need for probate/letters of administration (England and Wales) or confirmation of estate (Scotland).

Situations have arisen where the amount due in respect of a deceased person exceeds this amount, for instance due to a large balance of pension being payable (ie as a result of the pension being paid in arrears), or if a member dies before a lump sum retiring allowance is paid – this latter situation has occurred in cases of ill-health retirement. Obtaining probate/confirmation of estate can be expensive, time-consuming and cause further distress to next-of-kin.

This was discussed at the July 2024 meeting of SPLG and it was agreed to raise with Technical Group as the £5,000 limit has remained unchanged for some time. It was highlighted that relevant provisions in Northern Ireland have a higher limit – ie only payments exceeding £10,000 will require probate/letters of administration of the estate.

This may require representation to other parties (eg MOCOP) in order to make a change, however it would be helpful in the first instance to discuss and if agreed by Technical Group to raise with the Scheme Advisory Boards in England and Wales and Scotland.

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## 5) Meeting agenda item 11: SAB England & Wales update

### Pensions Review

1. The Board Chair, Cllr Roger Phillips, met the Local Government Minister on 12 September with the LGA's Head of Pensions, Jo Donnelly. One of the main topics of conversation was the Pensions Investment Review. It is clear that some in Government believe that LGPS funds are "fragmented and inefficient" and the first phase of the review will look at measures to accelerate asset pooling and possibly consolidation of funds. The other main focus of the review is around increasing the investment in "productive finance" in the UK by pension schemes.
2. As well as discussing this, Cllr Phillips encouraged the Minister to implement the Good Governance recommendations. We are also told by MHCLG officials to expect a new focus from the Minister on "fairness" in pensions. We understand that to mean that there will be progress on catching up survivor benefit rules with existing court judgments, measures to reduce the Gender Pensions Gap and a further consultation on pension protection on outsourcing. It isn't yet clear how far they will depart from the previous Government's [New Fair Deal policy](#).
3. The Government ~~has also issued a~~ [Call for Evidence](#) inviting interested parties to inform the first phase of the Review. Individual funds are being encouraged to respond to the Call for Evidence and the Board will also publish a response in due course. The Call for Evidence closed on 25 September 2024 but there is expected to be ongoing and extensive engagement between the Review Team and the Board ahead of the Budget (30 October). Cllr Phillips and Jo Donnelly met Emma Reynolds MP, the Pensions Minister leading the Review, on 17 September.

### Funding Strategy Statement Statutory Guidance

4. The Board's Compliance and Reporting Committee (CRC) has jointly established with CIPFA a working group to review the CIPFA guidance on drafting a Funding Strategy Statement. This guidance was last amended in 2016 and the revised draft will contain new text on:
  - setting up of academies on conversion
  - Use of the "new" employer flexibilities and Deferred Debt Arrangements
  - Employer representations around asset strategies and "partial terminations"
  - Treatment of exit debts and credits
  - Consultation with employers

- Dealing with asset transfers from employers
5. The new guidance will also take into account the recommendations contained in GAD's [review](#) of 2022 local fund valuation reports in England and Wales. A near-final version of the guidance will be put before the CRC on 21 October 2024 and then go to CIPFA's Public Finance Management Board on 7 November 2024. After that, the Board will need to formally adopt it and MHCLG will arrange for the Minister to sign it off as statutory guidance. The guidance will then be used by funds to review their FSS ahead of the 2025 valuation cycle.

### **Code of Transparency Compliance and Reporting System**

6. In 2019 the SAB procured a bespoke online system, unique to the LGPS, to allow SAB to monitor compliance, provide SAB with some aggregated high-level data on LGPS costs
- Create and securely maintain data provider and data client records
  - Provide a set of standard reports for data clients to view and download
  - Allow for the collection of a range of data templates from data providers
  - Check the format of the data template and reject any incorrectly formatted templates.
7. The contract to deliver this system (which is used by LGPS funds in Scotland) was extended over the summer and now comes to an end on 28 August 2026. The Secretariat undertook some early market engagement to engage with and get views from potential providers on potential future iterations of the Code of Transparency data system. This work will help inform the Board's decisions on next steps when it meets in November. The Secretariat have also initiated a survey of LGPS investment officers (including those in Scotland) to help inform the recommendations to the Board.

### **Updated Opinion on Fiduciary Duty**

8. The Board is seeking an opinion from Counsel as to whether there is a need to update the [previous advice](#) it received on the nature of fiduciary duty for LGPS administering authorities. When available, the revised opinion will be published on the Board's website.
9. The Board are also aware of a letter sent to administering authorities on behalf of the Palestine Solidarity Campaign that seems to suggest that funds are in breach of their international and domestic legal obligations. The Board is also seeking legal advice on how to respond to this new campaign. Until that advice is received, the Board is advising administering authorities in receipt of the letter to seek their own legal advice in relation to their specific circumstances and investments.

## Board Statement on Lobbying and ESG

10. The Board has issued a [statement](#) to address the current situation whereby administering authorities are dealing with increasingly voluble representations about how LGPS funds are invested. It seems to have been very well received so far and any feedback on this can be directed to the Secretariat Team.

## Gender Pensions Gap (GPG)

11. As mentioned above, the new government is signalling that it will be taking a much more positive attitude to addressing the Gender Pensions Gap than the previous administration. This may potentially be a theme that will be explored more in Phase 2 of the Pensions Review.

12. In the meantime, the Board has recently [written to MHCLG officials to ask for a review of the actuarial factors and regulations surrounding SCAPC's](#). This was one of the first recommendations of the Gender Pensions Gap working group and approved by the Board when it met in July 2024.

13. It is thought that the current regulations may impact those with caring responsibilities (predominantly female members) who may lose pension when they have to take occasional days or weeks as authorised unpaid leave. The letter asks that the rules around buying back pension during unpaid authorised leave should be made easier to understand and more flexible to implement.

## Climate Risk

14. We also expect a further consultation on implementing new governance and reporting requirements on LGPS funds in relation to climate change. The Labour Party committed before the election to require all pension funds to adopt credible 1.5°C aligned transition plans. Although we are yet to see any detail about what this means in practice, this would appear to go beyond the basic requirements in the TCFD regulations for private sector schemes to report emissions and set climate targets.

## Opt-out survey

15. In 20 May 2024, SAB issued a short survey to local government employers aimed at improving its understanding of the membership of the LGPS and why some people choose to opt out. The Secretariat produced [a report analysing the result of the Opt Outs Survey](#) for the Board which agreed that:

- the Secretariat follow up with respondents interested in discussing further and whether they hold data on the characteristics of the individuals opting out (to see if opt out rates vary across certain groups)

- the Secretariat engage with LGA pensions colleagues to review the opt out template documents, including with a view to suggesting that employers collect reasons for opting out (maybe with a short list of common reasons and a plain text field)
- the Secretariat engage with LGA pensions colleagues and the National Communications Working Group to help produce promotional materials for the LGPS, as supported by employers in the survey response.

16. This work is now being taken forward and is bolstered by signals from MHCLG officials that this is an interest of new Ministers as part of their “fairness” agenda.

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## 6) Meeting agenda item 10: SPPA update

### 1. The Local Government Pension Scheme (Remediable Service) (Amendment) (Scotland) Regulations 2024

On 1st October 2023, the Local Government Pension Scheme (LGPS) Regulations were amended in Scotland to remedy the unlawful discrimination identified by the courts in the ‘*McCloud case*’. Appropriate changes were made to the final salary statutory underpin protection.

Subsequent to those changes, E&W made further amendments which SPPA considers should be incorporated to the Scottish regulations, in order to bring the scheme into line with the LGPS schemes in E&W and NI.

The draft regulations will remove the requirement to include McCloud Remedy underpin information on the 2024 Annual Benefits Statements (ABS) for Scottish Funds, in line with changes made to E&W and NI regulations.

Changes to these regulations are important to limit any further risks to legal challenge regarding unlawful discrimination, and to ensure the remedy works as intended. The regulations are expected to be laid on 12 December 2024.

### 2. Exit Credits

In line with E&W, a change to the Scottish LGPS Regulations was made in 2018 to allow the sharing of risk fairly between exiting employers and administering authorities. Previously at the point of exit, scheme employers were responsible for any estimated shortfall against their liabilities, but there was no access to any surplus.

Changes were subsequently made to the regulations in E&W in 2020, to provide that administering authorities have a discretion to determine the amount of exit credit which should be payable to an employer leaving the LGPS.

In response to advice from the Scottish LGPS Scheme Advisory Board (SLGPSSAB), SPPA held a short technical consultation on draft regulations to amend the Scottish LGPS Scheme Regulations 2018, to create a similar discretion for administering authorities in Scotland.

SPPA received a number of responses expressing concerns over possible outcomes for employers and the need for guidance to ensure consistency across funds and employers, to accompany these regulations.

The SLGPSSAB has provided a representative to attend the working group set up by the E&W LGPS SAB who are considering guidance to address the different approaches currently taken by funds in E&W. SPPA have therefore put the draft regulations on hold until guidance is available for funds/employers when considering an exit from the LGPS.

### **3. Government Actuary Department – McCloud Interest Calculator**

SPPA issued a circular to confirm that it is the intention to make changes to existing LGPS Scotland McCloud interest regulations such that they are consistent with LGPS E&W. The calculator has therefore been provided by GAD to calculate McCloud interest in line with the LGPS E&W regulations.

GAD will update the references in the calculator and user guide once the LGPS Scotland regulations are amended, in due course.

The calculator has been shared initially with several Scottish pension funds to check that it is working as expected. Following testing, the calculator will be given wider distribution amongst administering authorities and uploaded to the LGA website.

### **4. Guidance updates**

McCloud Retrospective Guidance for Scottish funds has been provided by the LGA and shared with administering authorities in Scotland.

Incoming & Outgoing transfer note guidance is undergoing final amendments by GAD, prior to being sent to Scottish administering authorities.

