



Pension Board

Thursday 13 June 2019 at 6.00 pm

Board Room 2 - Brent Civic Centre, Engineers Way,
Wembley HA9 0FJ

Membership:

Members

Mr Ewart
Councillor Crane
Councillor Kabir

Representing

Independent Chair
Brent Employer representative
Brent Employer representative

Co-opted Members

Ms George
Mr Steer

Member representative (Unison)
Employer Representative (Non Brent
Council)

Chris Bala
Robert Wheeler

Pension Scheme Members
GMB Trade Union

For further information contact: Joe Kwateng, Governance Officer
joe.kwateng@brent.gov.uk; 020 8937 1354

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www.brent.gov.uk/committees

The press and public are welcome to attend part of this meeting

Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences**- Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party of trade union).

(b) The interests a of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;

a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members.

Item	Page
1 Apologies for absence	
2 Declarations of interests	
Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interests in any matter to be considered at this meeting.	
3 Minutes of the previous meeting - 13 March 2019	1 - 8
To approve the minutes of the previous meeting as a correct record.	
4 Matters arising (if any)	
5 Pension Board Annual Report	9 - 16
This report provides a summary of the work carried out by the Council's Pensions Board. This report covers the period from the Boards meeting in July 2018 to the end of the 2018/19 Municipal Year. It presents details of the Board's members, training and items covered during the Board's three meetings during the year. It also raises a number of items the Board wishes to draw to the Councils attention	
6 Pensions Administration Update	17 - 56
This report updates the Pensions Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.	
I have attached appendices 1-4 to the main report.	
7 LGPS update	57 - 130
The purpose of this report is to update the Sub-Committee on recent developments within the LGPS regulatory environment and recent consultations issued by the Ministry of Housing, Communities and Local Government which have would have a significant impact on the Fund.	

Appendices 1 and 6 are attached to the main report

8 Risk Register 131 -
136

This report presents the current Risk Register for the Brent Pension Fund Pensions Administration Service.

I have attached an appendix to the main report.

9 Membership of the Local Authority Pension Fund Forum 137 -
140

The purpose of this report is to consider if the Fund should become a member of the Local Authority Pension Fund Forum.

10 Investment Monitoring Q1 2019 141 -
158

This report sets out the performance of the Fund in the first quarter of 2019.

11 Draft Annual Report and Accounts 2018/19 159 -
160

This report presents the draft Pension Fund Annual Report and Annual Accounts for the year ended 31 March 2019.

I have produced the accounts separately as a supplementary pack.

12 Update on the 2019 Triennial Valuation 161 -
164

The purpose of this report is to update the committee on the 2019 Pension Fund Valuation

13 Review of Additional Voluntary Contributions 165 -
168

The purpose of this report is to review and recommend changes to current arrangements for Additional Voluntary Contributions (AVCs) which are provided in addition to the main Local Government Pension Scheme.

Appendix 1 is excluded from the press and public and restricted to members.

14 Date of next meeting

The next scheduled meeting of the Board is on Tuesday 22nd October 2019.

15 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before the meeting in accordance with Standing Order 60.

16 Exclusion of Press and Public

The following reports are not for publication as they contain the following categories of exempt information as specified under paragraph 3, Part 1 of Schedule 12A of the Local Government Access to Information Act 1972, namely:

“Information relating to the financial or business affairs of any particular person (including the authority holding that information)”.

- 17. London CIV Update on Investment matters.
- 18. Appendix to the Review of Additional Voluntary Contributions

17 London CIV Update on Investment matters 169 -
180

The purpose of this report is to update the committee on recent developments within the London CIV.

I have attached appendices 1-3 to the main report.

18 Appendix 1 of the Review of Additional Voluntary Contributions 181 -
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Date of the next meeting: Tuesday 22 October 2019



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.

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MINUTES OF THE PENSION BOARD Wednesday 13 March 2019 at 6.00 pm

PRESENT: Mr Mr Ewart (Chair), Councillor and Councillors Kabir, Ms George and Mr Stewart

1. Apologies for absence

Received from Councillor Crane and Mr Sebastian Steer.

2. Declarations of interests

Councillor Kabir declared that she was the Chair of Governors of Village School.

3. Minutes of the previous meeting and Matters arising

The minutes of the last meeting held on 13 December 2018 were approved as an accurate record. There were no matters arising from the minutes.

4. The Pensions Regulator

The Board welcomed and received a presentation from representatives of The Pension Regulator (TPR). The presentation focussed on the TPR's expectations on the responsibilities of the Pension Board and Scheme Manager, TPR engagement with LGPS Brent and its (TPR) future work.

Board members heard that they were expected to have knowledge and understanding of scheme rules, administration and policies in addition to avoiding conflicts of interest, publishing information and recording of meetings and decisions. Members were pleased to note that the Brent Pension Fund had made significant progress in respect of record keeping, risk management, contract management and various other governance related activities.

In setting out the vision for the future, TPR would introduce two functions of supervision and enforcement by extending its regulatory reach coupled with clearer, quicker and tougher engagement. In this way it was hoped to build strong and transparent relationships, enabling stakeholders to better understand TPR.

Members thanked TPR for the presentation.

RESOLVED to note the presentation.

5. Pensions Administration Update

The Pensions Board received a report which updated on various pension administration matters as part of its remit to oversee the administration of the Brent Pension Fund. Mr Ravinder Jassar (Head of Finance) gave a summary of the main aspects of the updates covering the outcome of the statutory re-enrolment process,

the upcoming triennial valuation of the fund, annual benefit statements for 2019 and an update on the engagement with TPR.

Mr Jassar informed the Board that 156 staff were enrolled into an eligible pension scheme of which 150 staff were enrolled into the LGPS, 2 staff were enrolled into the NHS pension scheme and 4 staff were enrolled into the Teachers' pension scheme. A total of 71 opt-outs had been received across the LGPS and NHS schemes. Members also heard that as part of the commitment to improve engagement with employers and following feedback from employers, a number of tailored training programmes had been arranged in March 2019. The training, which would cover a number of strategic topics, would be delivered through four sessions split over two days starting on 25th March.

Mr Jassar explained that every three years, a formal valuation of the whole Fund was required to be carried out under Regulation 62 (1) of LGPS Regulations 2013. The valuation aimed to assess and examine the ongoing financial position of the Fund and to value the assets and liabilities of each individual employer and the pension fund as a whole, with a view to setting employer contribution rates. This, amongst others, would ensure that each employer's liabilities were as close to fully funded as possible over the agreed recovery period outlined in the Funding Strategy Statement (FSS). In preparation for the triennial valuation, the Fund's actuary (Hymans Robertson), would be commencing early modelling on contribution rates with the work on the valuation commencing from July 2019, following the completion of the data cleanse project by LPP. The results were expected to be received around the final quarter of 2019, following which a programme of employer liaison would commence, including a formal consultation, on the draft FSS.

Members were advised that it was the scheme manager's statutory responsibility to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year. In relation to active members, the scheme manager had historically had a number of issues with regards to the production of ABS. These issues included missing data on year-end returns, queries from year-end returns not being resolved on time and not being notified of starters and leavers. A deadline of 30 April 2019 had been set for year-end returns to be submitted to LPP to ensure sufficient time to resolve any queries and ensure production of ABS within the required timeframe. The dedicated training session had been arranged to support employers through this process and an online portal would be made available for all employers whereby data would be submitted on a monthly basis rather than an annual basis via year end returns. In addition, the scheme manager and LPP would be closely monitoring this project as part of the monthly performance meetings.

The outcome of the 2018 ABS rollout was also discussed as the proposal previously presented to the Pension Board in December 2018 had changed with respect to active members. It was the scheme managers understanding that of the small number of active members that did not receive an ABS, a manual statement of benefits would be issued as soon as outstanding queries were resolved with employers. LPP has subsequently informed the scheme manager that while this is possible on a case by case basis it would be challenging to do for all of these members due to the resources currently allocated to delivering business as usual, the data cleanse project and the backlog of cases project. Members and the scheme manager were content to agree with the revised approach on the basis that

these members were able to receive a statement of their benefits should one be requested and that they would receive an official ABS as part of the 2019 ABS rollout. It was considered that this revised approach did not materially change the basis of the previous decision, made in accordance with the Breaches Policy, to not report this to TPR as a material breach.

The Board was advised that the internal audit of the pension fund had concluded that the issues identified and the resulting recommendations were successfully implemented and that the service was no longer a cause for concern. Furthermore, measures had been put in place to ensure that the issues did not re-occur. Mr Jassar continued that since TPR informed him that they would be conducting in depth engagement to discuss governance and administration of the scheme, five meetings had been held and a wrap up meeting was planned to be held at the end of March 2019. As a result of the detailed feedback on various topics received from the meetings, a number of actions with regards to improving the governance of the scheme as set out within the report, had been agreed.

In welcoming the updates, the Board thanked the scheme manager and his team of officers for the work undertaken and **RESOLVED** to note the update.

6. Pensions Administration Performance Report

This report updated the Pension Board on performance of the pension administration contract with LPP together with a review of its (LPP) performance of the contract. Mr Ravinder Jassar (Head of Finance) introduced Mr James Wilday (LPP) to present the updates.

Mr Wilday informed the Board that LPP and the scheme manager were holding monthly meetings to monitor the performance of the contract, scrutinising both individual and monthly trends. He drew Members' attention to the tables within the report which showed contract statistics for cases processed grouped by category and, monthly progress since the contract commenced in October 2018.

He advised that whilst the percentage of cases completed on time significantly improved in February across all categories, the number of cases carried forward was disappointing, a reflection of a large backlog of cases that LPP inherited from the previous administration provider. It was noted however, that the number of cases carried forward was 113 lower than the previous month.

Mr Wilday clarified that as at the beginning of February 2019, there was 1 complaint and 1 IDR case outstanding. In February 2019 none of these cases were resolved and a further 6 cases were received. Of these 6 cases, 4 cases were complaints and 2 were IDR cases. 1 new case received was resolved. Brent and LPP were taking action to ensure that these cases were resolved swiftly however, the complexity of some cases meant that this was not always possible.

In responding to questions about underlying issues, Mr Wilday stated that they mainly related to delays, inaccurate information and inherent issues from the previous administration provider, Capita. He added that LPP had now put in place robust plans to address Annual Benefit Statement (ABS) were sent out on time.

Members thanked Mr Wilday and his team for the progress update and **RESOLVED** that a further performance update be reported to the next meeting of the Board.

7. **Updated Brent Risk Register 2019**

This report presented the updated Risk Register for the Brent Pension Fund Pensions Administration Service. Mr Ravinder Jassar (Head of Finance) informed the Board that since the last meeting of the Board, the Risk Register had been revised and updated following the transfer of the administration contract to LPP. The revision was necessary due to changes in new systems and processes which in turn changed the risk profile of certain activities. He continued that since the last meeting, the following three new risk areas had been identified:

- Loss of key staff members
- Data Breaches
- Cyber Security

He added that the risk management strategy for third party providers, Hymans and LPP, would also be checked to ensure they were robust.

In welcoming the updated risk register, the Board agreed with the classifications as set out in the appendix to the report and **RESOLVED** to note the report.

8. **Update on the Record Keeping Plan 2019**

This report set out the London Borough of Brent Pension Fund Record Keeping Plan (as amended in February 2019). The plan primarily related to various activities and objectives that cover the period January 2019 to December 2019 and beyond.

Mr James Wilday (LPP) emphasised the need for the Pension Fund to maintain the highest possible data quality standards, complying with its core functions and ensuring the cost effective use of resources, if it was to pay the correct pension benefits to its members when they fell due. He continued that the updated Record Keeping Plan focused around ensuring the completeness and robustness of scheme data following the transition from Capital to LPP in October 2018. The updates also reflected recommendations made by The Pensions Regulator following a number of meetings in 2018 and early 2019.

Members were informed that progress of data improvement plans was being monitored by officers and presented to the Pension Board quarterly. Mr Wilday added that in partnership with the scheme manager and Hymans, LPP was on track to complete work streams by 30 June 2019.

Members thanked Mr Wilday for the presentation and **RESOLVED** to note the updated report.

9. **Brent Pension Board Terms of Reference review**

The purpose of this report was to update the terms of reference of the Brent Pension Board, taking into account relevant guidance from The Pensions Regulator, advice from the Fund actuary and implementing lessons learned from recent training events. The revised terms of reference also aimed to further clarify the roles and responsibilities of members of the Pension Board.

Mr Ravinder Jassar (Head of Finance) informed the Board that since its current terms of reference was agreed in July 2015, there had been significant changes in the knowledge, experience and guidance and hence the roles and responsibilities of Board members. In order to comply with the developments and clarify the core functions of the Board, it was an appropriate time to update the terms of reference. He explained that the term of office for members would run for an initial two year period with the appointments to the Pension Board confirmed annually by the General Purposes Committee.

Mr Jassar then examined each appointment in turn as set out within relevant paragraphs of the report from which it was noted that the Brent member representative (Pension Scheme member) and the Independent Chair of the Board were confirmed by the General Purposes Committee on 10 July 2017 for a period of two years from 1 July 2017. As their term of office would end on 30 May 2019, a recruitment process would be undertaken to fill those positions for approval at the General Purposes Committee planned for May 2019.

In welcoming the revised terms of reference, the Board **RESOLVED** to note the planned recruitment to fill the positions as outlined above.

10. **LGPS Regulations Update**

This report updated the Board on recent changes to the Local Government Pension Scheme regulations and other key developments from the Local Government Association's Pensions Committee. With reference to the report, Mr Ravinder Jassar (Head of Finance) highlighted the main developments.

Members noted that the cost management case (referred to as McCloud Case) about transitional protections that protected older judges and firefighters was still pending. He then referenced the MHCLG consultation paper which proposed amendments to the LGPS to which responses would be submitted by the Chief Finance Officer by April 2019. He continued with the Government's 'Fair Deal' policy which was introduced in 1999 and set out how pensions issues should be dealt with when staff were compulsorily transferred from the public sector to independent providers delivering public services.

Members heard that the LGPS SAB had asked Hymans Robertson to research the key issues impacting on the continued effectiveness of the scheme's governance now and in the future.

Members welcomed the update and **RESOLVED** to note the report.

11. **Implementation of the Investment Strategy**

This report updated the Board on progress on the implementation of the investment strategy. Members were being asked to note the recommendations of the report which had been considered and approved by Brent Pension Fund Sub-Committee at its last meeting on 27th February 2019.

Mr Ravinder Jassar (Head of Finance) highlighted the salient elements which included an arrangement with the LCIV to synchronise the transaction for the second tranche of the LCIV Baillie Gifford investment of £20 with another local authority that was selling at the same time. The arrangement resulted in a saving of approximately £44,000. In regards to infrastructure fund, he added that the Fund had been recommended to commit, subject to due diligence, £50m to LCIV's infrastructure fund. This commitment level would be revised on an annual basis and the funds would be drawn down over time.

Members welcomed the report and **RESOLVED** to note the following decisions by Brent Pension Fund Sub-Committee:

- (i) Noted the progress of implementing the investment strategy approved on the 6 November 2018 meeting, including in particular the appointment by the Council (as Administering Authority on behalf of the Brent Pension Fund) of BlackRock Investment Management (UK) Limited pursuant to an investment management agreement in order to facilitate the Pension Fund's investment into the following BlackRock pooled funds:

Aquila Life Over 15 Years UK Gilt Index Fund; and
Aquila Life Over 15 Years UK Gilt Index (Term Lending) Fund.

- (ii) That the proposed investment in the London CIV's infrastructure offering in April 2019 be agreed.

12. **Monitoring report on fund activity for the quarter ended December 2018**

Mr Ravinder Jassar (Head of Finance) introduced the report which provided an update on monitoring activity for the quarter ended December 2018. He gave an overview of the fund's investment holdings and an insight to the extent to which the returns achieved were consistent with each manager's philosophy, investment approach and market conditions.

With reference to the slides, Mr Jassar explained that equity markets fell heavily as US interest rates rose again and investors became more pessimistic about the outlook for global growth. Global equity markets also took a sharp turn lower at the start of Q4 as US government bond yields climbed to 3.2%. Geographically, Japan was the worst performing region as yen strengthened and the slowing growth in Europe and China weighed heavily on exporters. North America also marginally underperformed global indices while Emerging markets were the best performing region. However, returns to UK investors were less negative given renewed sterling weakness.

Drawing attention to performance by sector, Mr Jassar highlighted the strong performance within utilities and telecommunications and marginally so within healthcare and consumer goods. He continued that oil and gas was the worst performing sector as a result of declining oil prices.

Over the next quarter, the Fund expected to fully divest from the Henderson Total Return Bond fund, complete new investment in BlackRock's over 15yr gilts passive fund, complete 2nd tranche allocations to Henderson EM and LCIV MAC funds and receive call for funds for Alinda III infrastructure fund.

As the report had been considered and approved by Brent Pension Fund Sub-Committee at its last meeting on 27th February 2019, it was:

RESOLVED to note the report for the quarter ended December 2018.

13. **London CIV Update**

The report updated the Board on recent developments within the London CIV and the timescales attached to making investment decisions. Mr Ravinder Jassar (Head of Finance) updated the Board about the recent appointment of Mr Mike O'Donnell as permanent CEO to the board of the London CIV. The LCIV would commence the recruitment of a Chief Investment Officer.

In respect of investments, he informed the Board that Brent had 69% (£579m) of its assets under management overseen by the LCIV. 46% (£385.5m) in a passive investment product in overseas and UK equities through Legal & General, 19.2% in two diversified growth funds, Ruffer 5.6% (£47.1m) and Baillie Gifford 13.6% (£114.4m), 1.7% (£14.5m) in Emerging Market equities through Janus Henderson and 2.1% (£17.8m) in the MAC fund managed by CQS

As the report had been considered and approved by Brent Pension Fund Sub-Committee at its last meeting on 27th February 2019, it was:

RESOLVED to note the updates.

14. **MHCLG Statutory guidance on asset pooling in the Local Government Pension Scheme Consultation**

The report informed the Board about an informal consultation on draft new statutory guidance on asset pooling launched by The Ministry of Housing, Communities and Local Government (MHCLG). The guidance set out the requirements on administering authorities in relation to the pooling of LGPS assets and built on previous Ministerial communications and guidance on investment strategies.

Mr Ravinder Jassar (Head of Finance) explained the key points of the guidance as set out in paragraph 3 of the report which included the appointment of a pool company or companies to implement the investment strategies and to maximise the benefits of scale. It was noted that the process of selection, appointment, dismissal of investment managers would also be in the hands of the pool company. He continued that 69% of the Brent Pension Fund's investments were invested with the LCIV as at 31 December 2018 and on that basis the draft statutory guidance was welcomed as it was clearly linked to the Fund's investment strategy and beliefs .

The Board welcomed the draft new statutory guidance and:

RESOLVED to note that the Chief Finance Officer would prepare a formal response to the consultation on behalf of the Brent Pension Fund before the consultation closing date of 28 March 2019.

15. **Any other urgent business**

Vote of Thanks

On behalf of the Board, the Chair expressed appreciation to the team of officers for their work within the municipal year.

16. **Date of next meeting**

The date of next meeting will be confirmed after the Council's annual Meeting in May 2019.

The meeting closed at 7.50 pm

MR. D EWART
Chair

 Brent	Pensions Board 13 June 2019
	Report from the Independent Chair of the Brent Pensions Board
Annual Report	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	N/A
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	David Ewart, Independent Chair of the Pension Board

1.0 Purpose of the Report

1.1 This report provides a summary of the work carried out by the Council's Pensions Board. This report covers the period from the Board's meeting in July 2018 to the end of the 2018/19 Municipal Year. It presents details of the Board's members, training and items covered during the Board's three meetings during the year. It also raises a number of items the Board wishes to draw to the Council's attention.

2.0 Recommendation(s)

2.1 To note the annual report, and agree to submit it to the General Purposes Committee.

3.0 Detail

Introduction

3.1 I should like to begin by expressing my thanks to the other members of the Board, particularly Euton Stewart and Trevor Dawson who are standing down from membership. I should also like to thank the Council's officers for all their hard work, help and support in developing the work of the Board.

The Board Membership

- 3.2 The membership of the Board during the year was as follows:

Brent Council employer representatives - Councillors Crane and Kabir
Trade Union representative – Unison – Bola George
Trade Union representative – GMB – Euton Stewart
Employer representative from another employer within the pension fund - Sebastian Steer.
Pension Scheme member – Trevor Dawson
Independent Chair – David Ewart

Training

- 3.3 Training is important to make sure the Pension Board as a whole have the skills, knowledge and understanding to support the Scheme in running properly. The Board built on the training it had received since 2015/16.
- 3.4 Following the May 2018 elections a number of training sessions have been organised for Pension Board members to increase their knowledge and awareness of relevant issues. In May, a bespoke training session was delivered by officers and Hymans to members of the Pension Board and members of the Pensions Sub Committee. Also, at the July meeting of the Pension Board a more in depth training session was delivered on the role of the Pension Board, focussing specifically on governance and the importance of record keeping. At the meeting of March 2019 a training session was developed to focus other relevant topics, in particular the triennial valuation. Further invites will be sent to Pension Board members when other relevant training, seminars, conferences and networking events are identified.
- 3.5 The Pensions Regulator (TPR) provide a free online learning programme call the Trustee toolkit and they expect all Pension Board members complete these courses. The courses cover the basic knowledge and understanding required by law to support the scheme manager. The courses are free, easy to use and allows one to learn at their own pace. At least three members of the Board have completed this training.

Board Meetings

- 3.6 During the year the Board met three times, on 24th July 2018, 13th December 2018 and 13th March 2019.
- 3.7 As 2018/19 had been a very eventful year, this report will focus on the main issues the Board had been considering, rather than go through each meeting of the Board. This report does not cover the issues considered by the Pensions Committee, other than were the Board felt a need to comment on such an issue.

4.0 Key Issues identified from the Board's discussions during the year

Pensions Administration department transfer

- 4.1 Although a decision taken the year before, the Board were able to see the positive effect of the reconfiguration of functions within the Resource

Directorate which resulted in the Pensions Administration department being transferred to the Chief Finance Officer. By combining the work of the investment function, has resulted in significant service improvements which have been achieved during the year.

Transfer of the Pensions Administration Contract

- 4.2 Although also a decision taken prior to 2018/19, in this case November 2017, when following officers' recommendation, Cabinet granted approval to enter into a shared service agreement with Local Pensions Partnership (LPP) for the provision of the pension fund administration.
- 4.3 The previous contract with Capita was due to end in September 2018 and the implementation phase of the contract with LPP to ensure a successful transition and hand over in October 2018, was in place by the start of 2018/19.
- 4.4 The Board was very pleased to note that the transition to LPP was successful and the service went live on 1 October 2018 as planned. The Board also noted that monthly contract performance meetings have been held, where performance against agreed service level agreements (for example time taken to process joiners, transfers in/out, retirements, deaths, refunds, etc.) have been monitored and it is planned to report these to the Pension Board on a quarterly basis.
- 4.5 In addition to the business as usual (BAU) contract arrangements described above, a separate project has been commissioned to cleanse common and scheme specific (conditional) data. This includes resolving the outstanding queries. This is to be treated as a separate project so that additional dedicated resources can be put in place, to ensure the data issues can be resolved as quickly as possible and to not affect performance against the day to day service.

Risk Management

- 4.6 The Board has also been very pleased to be receiving regular risk management reports, as effective risk management is the foundation of sound corporate governance and for the LGPS the focus should be on all aspects of the scheme's operation, not just investment matters. Having a strategy and register in place is a way for the scheme manager to identify and manage scheme risks and it is considered good practice to have a strategy and register in place alongside established reporting mechanisms.
- 4.7 Using guidance from TPR and CIPFA, together with Brent's internal risk management resources, a process was undertaken by the scheme manager to produce a risk management strategy that was unique to Brent's circumstances. This involved a workshop that identified all of the relevant risks, assessed those risks in terms of likelihood, understanding risk management and contingency planning, monitoring risks and documentation in a register, which was presented to the Pension Board at its July meeting, following which it has been revised and updated and is now reported to each meeting of the Board.

The Pension Administration Strategy

- 4.8 A major item of work undertaken by the scheme manager and repeatedly considered and supported by the Board, was updating of the Pension Administration Strategy, which was agreed in December 2018. This sets out clearly the responsibilities of the scheme manager, employers and other parties. The strategy also sets out a clear set of service level agreements for both the scheme manager and employers.
- 4.9 More controversially, the strategy also introduced the concept of charging for non-compliance of the strategy. Although not welcomed by all employers, it was made clear that this would be a last resort and that this option would only be pursued in exceptional circumstances where performance repeatedly falls short of expectations. The first port of call would always be to engage and educate employers before such action would be considered. The ultimate aim of this strategy is to educate employers to provide accurate and timely data to the Fund which will improve the service provided to scheme members. The new strategy was supported by all members of the Board, including the member representing the other employers.

Annual Benefit Statements

- 4.10 It is a statutory responsibility for the scheme manager to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year.
- 4.11 In relation to active members, the Board had previously been informed, that the scheme manager has historically had a number of issues with regards to the production of ABS. These issues have included missing data on year-end returns, queries from year-end returns not being resolved on time and not being notified of starters and leavers. This has resulted in the Board judging that the scheme had failed to meet the statutory deadline resulting in the Council having to report itself to the Pension Regulator in both 2016 and 2017.
- 4.12 The Board was informed that in 2018 an annual benefit statement (ABS) was issued to all members identified on the year end returns from employers by the statutory deadline of 31 August 2018 for active members within the scheme. There were a small number of records where either data was missing or queries from year end returns had not been resolved in time. For these members an ABS could not be produced as employers had not been forthcoming with the relevant information. The vast majority of these employers were schools that were closed over the summer months and could not respond to Capita's queries in time for the scheduled print run in mid-August. That said, as part of the project management of the ABS rollout officers were aware of these employers and both Capita and Brent officers have been in contact with the employers pursuing the required information and escalating where appropriate. Despite the non-compliance of some employers, both the number of employers and the volume of outstanding queries has significantly reduced compared to last year.
- 4.13 The Board was also informed that for 2019, the scheme manager has set a deadline of 30 April 2019 for year-end returns to be submitted to LPP to ensure there is sufficient time to resolve any queries and ensure production of ABS in

the required timeframe. As mentioned in section four, a dedicated training session has been arranged to support employers through this process. In addition, the scheme manager and LPP will be closely monitoring this project as part of its monthly performance meetings.

- 4.14 Looking forward, the Board was pleased to note that one of the benefits of transitioning to LPP is that an online portal will be made available for all employers whereby data will be submitted on a monthly basis rather than an annual basis via year end returns. It is expected that this will have a positive impact on not only the production of ABS but also raise the quality of data more generally by allowing easier detection of incorrect or missing data.

Internal Audit follow-up

- 4.15 As had previously been reported to the Pension Board, an internal audit of the pensions' administration service was carried out in 2017, had identified a number of serious issues.
- 4.16 The Board was informed that a follow up audit was carried out in late 2018, had concluded that all of the recommendations were successfully implemented and that the service is no longer a cause for concern. The Board also noted that the scheme manager was pleased with the outcome of this follow up audit and that the issues previously raised have been addressed and measures put in place to ensure they do not re-occur.

The Pensions Regulator (TPR)

- 4.17 The Board at its March meeting received a presentation from representatives of The Pension Regulator (TPR). The presentation focussed on the TPR's expectations on the responsibilities of the Pension Board and Scheme Manager, TPR engagement with LGPS Brent and its (TPR) future work.
- 4.18 Board members heard that we were expected to have knowledge and understanding of scheme rules, administration and policies in addition to avoiding conflicts of interest, publishing information and recording of meetings and decisions. Members were pleased to note that the Brent Pension Fund had made significant progress in respect of record keeping, risk management, contract management and various other governance related activities.
- 4.19 The Pensions Board had previously been informed that TPR had written to the scheme manager in August 2018, informing them that they will be conducting in depth engagement to discuss governance and administration of the scheme.
- 4.20 The Board was also informed that TPR would be focusing on Local Government Pension Schemes because their recent public service governance and administration survey found that some of the improvements the schemes had been making have stalled and they would like to explore this further. The aim of this engagement was to get a wider understanding of the scheme in more depth and ask a range of questions in relation to the scheme's wider governance and administration. The aim was not to seek out breaches of the law, however if they became aware of areas of concern

they will investigate further to consider whether regulatory action would be appropriate.

- 4.21 At the date of last meeting of the Board, five meetings had been held between the Scheme Manager and TPR officers, and a wrap up meeting was planned to be held at the end of March 2019.
- 4.22 At that point, detailed feedback on various topics had been received from four of the meetings and as a result the scheme manager has agreed to a number of actions with regards to improving the governance of the scheme. Some of these actions include:
- Preparing and implementing a policy on reviewing member data;
 - Preparing and implementing an improved Members Communication Strategy, which will be published online by the end of March 2019 and is intended to replace the existing Communications Strategy in the Pension Fund Annual Report;
 - Implementing a log to record day-do-day decisions which are taken between Pension Board Meetings;
 - An updated training plan for the Pensions Board;
 - An improved website with better access to information and clearer links including IDRPs guidance now being available.
- 4.23 Please note that following the March meeting of the Board TPR had written to the Scheme Manager confirming they were satisfied with the information that had been provided to them and that had closed their enquiries and would not be taking any further action.

Other Matters Considered

- 4.24 The Board considered a number of other issues apart from the above and reviewing the reports to the Brent Pension Fund Sub Committee (including the new investment strategy and responsible investment policy), the key items included:
- The 2017/18 Annual Accounts and Annual Report;
 - The Record Keeping Plan;
 - Various updates on the LGPS regulations and guidance; and
 - The revised Terms of Reference.

5.0 Matters to be drawn to Council's attention.

- 5.1 As a result of their discussion the Board would like to draw the following matters to the Council's attention.
- **The Fund's funding level**
The Board continued to note with concern The Brent Pension Fund's level of funding, which is still one of the lowest in Local Government. That said, it is important to note the good current performance of the fund's investments particularly in 2018/19, as well as note the Council's commitment, as shown by the contribution rates agreed up to March 2020, to bring the level of funding back to full funding over a period of 17 years (19 years from 2017).

- **The Performance of the Pension Fund Administration function**

Clearly there has been major progress with improving the performance of the administrative function, following the transfer of the pension administration team to Finance, the transfer of the pension administration contract to the Local Pensions Partnership (LPP), the input by The Pensions Regulator (TPR) and other actions that have or are being taken. That being said, there is a need to continue and build on the work undertaken to date to seek further improvements with regards to the quality of member data, engagement with employers and the general governance and administration of the scheme. The Pension Board will of course have a fundamental role to play in this regard

5.2 I would like end by again thanking the members of the Board for their input and assistance during the year and particularly those who are standing down. I would also like to thank the Head of Finance and their staff for all their help and support during the year, as well as the Governance Office and his colleagues for all their support to the Board work during the year.

6.0 Financial Implications

6.1 There are no specific financial implications associated with noting this report.

7.0 Legal Implications

7.1 None arising directly from this report

8.0 Equality Implications

8.1 None arising directly from this report

9.0 Consultation with Ward Members and Stakeholders

9.1 Not applicable for this report.

10.0 Human Resources/Property Implications (if appropriate)

10.1 None arising directly from this report

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	<p align="center">Pension Board 13 June 2019</p>
	<p align="center">Report from the Chief Finance Officer</p>
<p>Pensions Administration Update</p>	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	OPEN
No. of Appendices:	<ol style="list-style-type: none"> 1. Data Cleanse Project – Status 2. Member Communications Strategy 3. Terms of reference 4. Conflicts of interest policy
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Interim Director of Finance Ravinder Jassar, Head of Finance Sawan Shah, Senior Finance Analyst

1.0 Purpose of the Report

1.1 This report updates the Pensions Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.

2.0 Recommendation(s)

2.1 The board is recommended to note the report.

2.2 The board is asked to express their views on whether the conflicts of interest policy is still fit for purpose.

3.0 Pensions Administration Performance Report

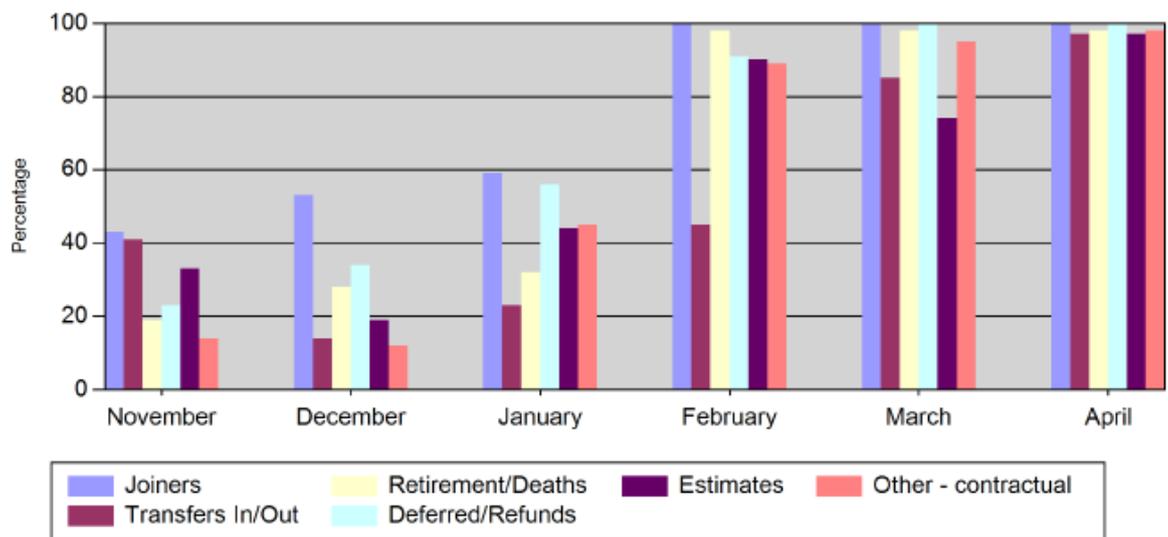
3.1 The administration of the Brent Pension scheme was transferred to LPP on 1 October 2018. This report reviews the performance of the LPP contract during April 2019.

- 3.2 The Pensions administration team are holding monthly meetings to monitor the performance of the contract looking at both the individual month and trends across months.
- 3.3 As of 30 April 2019 the Brent Pension Fund had 6,418 active members, 6,793 pensioners (including dependants), and 7,849 deferred pensioners.
- 3.4 Table 1 shows contract statistics for cases that have been processed, grouped by category. This includes cases bought forward, received, completed, completed on time and carried forward. Chart 1 below show progress by month for the last 6 months.

Table 1:

Description	B/fwd	Rec'd	Complete	On Time	% OT	C/fwd	Average Completed Time	Average Elapsed Time
Joiners	85	39	51	51	100.00	73	12	16
Transfers In/Out	419	40	40	39	97.50	419	30	39
Retirement/Deaths	896	66	98	97	98.98	863	17	36
Deferred/Refunds	597	22	33	33	100.00	586	31	58
Estimates	76	26	35	34	97.14	67	8	12
Other - contractual	334	87	101	99	98.02	320	17	23
Total	2407	280	358	353	98.60	2328		

Chart 1:



- 3.5 The cases completed on time has significantly improved since February across all categories however the number of cases carried forward remains disappointing. It is important to note that LPP inherited a large backlog of cases from the previous administration provider and the number of carried forward cases is 163 lower than February 2019. This performance is being closely monitored and at present the

scheme manager is satisfied that the backlog of cases is being cleared as quickly as possible.

- 3.6 Table 2 provides detail on the number of cases that have been completed early. Overall 19% of the 353 cases completed on time were completed early.

Description	1 Day Early	2 Days Early	3 Days Early	4+ Days Early
Joiners	7	0	0	8
Transfers In/Out	6	1	0	2
Retirement/Deaths	6	0	0	2
Deferred/Refunds	2	0	0	2
Estimates	5	0	0	1
Other - contractual	14	5	6	1
	40	6	6	16

- 3.7 Since February 2019, 3 new complaint cases have been received. No new IDRPs have been received. Of the 7 cases (4 complaints, 3 IDRPs) that were outstanding in February, 1 case was resolved. Brent and LPP are taking action to ensure that these cases are resolved swiftly however the complex nature of some cases means that this is not always possible.

4.0 Record Keeping Plan (RKP)

- 4.1 The RKP is a key document for the Fund as it formally documents the actions being taken to review and address the data issues facing the Fund.
- 4.2 Furthermore, all LGPS funds continue to face ongoing legislative change together with oversight of administration and governance from The Pensions Regulator. This means that there is a heightened responsibility on scheme managers and local pension boards to ensure data is readily available and fit for purpose.
- 4.3 The Fund's 2019 Record Keeping Plan (RKP) was presented to the Pensions Board at its last meeting of 13 March 2019 and the following general objectives have been defined for the Fund in 2019:
- Improve scheme data to meet the legal requirements for common data, conditional data, and employer data;
 - Update missing or incomplete scheme data wherever it is held within a reasonable time frame, to ensure that benefit statements not issued can be sent out as soon as possible;
 - Working together with the scheme's new Pensions Administrators, LPP, in ensuring the completeness and accuracy of both common and conditional data;
 - To have complete and accurate data ready by June 2019 for the 2019 triennial valuation;
 - To clear the backlog of missing addresses for deferred members;
 - To issue complete and accurate Annual Benefit Statements to all eligible members of the scheme by the statutory deadline of 31 August.

4.4 One of the most significant elements of the plan is the data cleanse project currently being undertaken by LPP. Phase 1 of the project addresses critical issues with common and scheme specific data, focusing on ensuring scheme data is accurate in time for the triennial valuation. Monthly updates of the project are being provided to Brent Officers.

4.5 Appendix 1 provides a status update for the data cleanse project which is split into 14 different work streams. As of 30 April 2019, 3 of streams were complete, 10 were in process and 1 was outstanding. The project is currently progressing as expected and is scheduled to be completed by the end of June 2019.

5.0 Member Communications Strategy

5.1 An effective communications strategy is vital for any organisation which strives to provide a high quality and consistent service to their stakeholders and a Communications Strategy is required by the provisions of Regulation 61 of the Local Government Pension Scheme Regulation 2013.

5.2 The communications strategy sets out policy for the following areas:

- Pension Fund Administration
- Communication Responsibilities and Resources
- Communications with Scheme Members
- Communications with Prospective Scheme Members
- Explanation of communications
- Communications with Scheme Employers
- Communications with Representatives of Members
- Other Stakeholders

5.3 The 2019 Member Communications Strategy is attached to this report in Appendix 2.

6.0 Valuation

6.1 Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund. Its purpose is to value the assets and liabilities of each individual employer and the pension fund as a whole, with a view to setting employer contribution rates which will result in each employer's liabilities becoming as close to fully funded as possible over the agreed recovery period outlined in the Funding Strategy Statement (FSS).

6.2 Complete and accurate membership data is critical in ensuring the valuation results are accurate. If the Fund actuary is concerned about the quality of the underlying data, they will usually add a margin of prudence into their assumptions to accommodate data inaccuracies. This could mean that participating employers may have to pay contribution rates that are not directly related to the underlying liabilities.

6.3 Section 4 of this report provides details of a separate project that has been commissioned by the scheme manager to cleanse common and scheme specific data ahead of the Triennial valuation.

6.4 Further information about the valuation, including an indicative timeline for the process agreed by the scheme manager and the actuary, was reported to the Pension Fund sub-committee meeting of 29 May 2019 and is on the same agenda.

7.0 The Pensions Regulator

7.1 The Pensions Regulator (TPR) wrote to the scheme manager in August 2018, informing them that they will be conducting in depth engagement to discuss governance and administration of the scheme. This was in addition to the investigation following the breach of law reports dated 18 January 2017 and 28 September 2017 reporting the late delivery of 2016 and 2017 annual benefit statements by the statutory deadlines.

7.2 TPR are focusing on Local Government Pension Schemes because their recent public service governance and administration survey found that some of the improvements the schemes had been making have stalled and they would like to explore this further.

7.3 The aim of these meetings was to get a wider understanding of the scheme in more depth and ask a range of questions in relation to the scheme's wider governance and administration. The aim was not to seek out breaches of the law, however if they became aware of areas of concern they will investigate further to consider whether regulatory action is appropriate.

7.4 All of the engagement meetings have now concluded and detailed feedback on various areas of governance and administration has been received. As a result, the scheme manager has agreed to a number of actions with regards to improving the governance of the scheme. Some of these actions include:

- Updating the terms of reference of the Pension board
- Implementing a Record Keeping Plan
- Updated Communications Strategy
- Updating the Risk management strategy and risk register
- Pensions Administration Strategy
- Further engagement and communication with employers
- An improved website with better access to information and clearer links including IDRPs guidance now being available
- An updated training plan for the Pensions Board

7.5 At the end of March 2019, the TPR formally wrote to the scheme manager informing them that based on the information supplied throughout the engagement, TPR does not intend to take any action against the scheme manager and the case files have been closed.

7.6 In summary, having engaged with TPR in an open and transparent manner over the last 18 months we believe the process has been beneficial for both the scheme

manager and the Pension Board and the feedback provided has been particularly useful with regards to our existing ways of working.

8.0 Terms of Reference and Conflicts of interest policy

8.1 The revised terms of reference for the Pension Board was presented and endorsed by the Pension Board at its last meeting in March 2019. The aim of the revised terms of reference is to further clarify the roles and responsibilities of the Pension Board to board members, pension fund members, officers and other interested parties.

8.2 Following some minor updates after receiving advice from the Brent Legal team, the revised terms of reference were agreed by the General Purposes Committee on 20 May 2019. These are attached as appendix 3 for reference and will shortly be put on the Pension Board webpage.

8.3 The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of local pension boards do not have a conflict of interest. The current conflicts of interest policy was written in June 2015 in order to fulfil the boards legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.

8.4 The Pensions Regulator recommends that such policies are reviewed at least annually to ensure they are still fit for purpose.

8.5 The current policy is attached as appendix 4 and the board are asked to comment on whether the policy is still fit for purpose or if any changes should be considered.

9.0 Financial Implications

9.1 There are no direct financial implications from this report.

10.0 Legal Implications

10.1 Not applicable.

11.0 Equality Implications

11.1 Not applicable.

12.0 Consultation with Ward Members and Stakeholders

12.1 Not applicable.

13.0 Human Resources

13.1 Not applicable.

Report sign off:

Minesh Patel

Interim Director of Finance

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Work Stream	Detail	Update				
		Status	January	March	April	May
Workstream 1 – Missing contributions	2,033 records identified as having a missing contribution error.	In Progress	0%	11%	91%	
Workstream 2 – Employer code	68 records identified as having a missing employer code – HYMANS PRIORITY	COMPLETE	100%	100%	100%	
Workstream 3 – Member Status	85 records identified which have missing or inaccurate member status – HYMANS PRIORITY	COMPLETE	100%	100%	100%	
Workstream 4 – Missing Salary	577 active records identified as having a salary missing at last valuation date – HYMANS PRIORITY	In Progress	0%	6%	74%	
Workstream 5 – Missing final salary	1,823 other status records which have missing salary at last valuation date – HYMANS PRIORITY	In Progress	0%	2%	18%	
Workstream 6 – Missing or incomplete CARE pots	1,345 records identified which have CARE data missing or where the CARE screen is incomplete – HYMANS PRIORITY	In Progress	0%	5%	87%	
Workstream 7 – Missing Pensions	431 records identified which have pension information missing. This workstream incorporate the following errors from the initial analysis; Current Pension missing Date Pension Started missing Pensioner Member without a pension screen HYMANS PRIORITY	Outstanding	0%	0%	0%	
Workstream 8 – Missing postcode	1,858 records identified as having a postcode missing – HYMANS PRIORITY	In Progress	0%	37%	40%	
Workstream 9 – Known Missing Leavers	605 records are known to be leavers based on information received from Capita – HYMANS PRIORITY	In Progress	0%	62%	67%	
Workstream 10 – Missing joiners	796 new joiner's records identified that have not been created on Altair	In Progress	0%	6%	6%	
Workstream 11 – Missing PI Date	1,735 records have been identified with either a missing or out of date pensions increase date recorded on the record	In Progress	41%	42%	44%	
Workstream 12 – Age discrepancies	77 records have a DOB which would put the members age outside of agreed tolerances	In Progress	0%	0%	49%	
Workstream 13 – NINO discrepancies	107 records identified as having a temporary NINO	In Progress	0%	0%	4%	
Workstream 14 – Multiple NINO with different DOB	334 records identified with a duplicate NINO but different DOB.	COMPLETE	100%	100%	100%	

LPP Project Status Report

Project Name: Brent Data Cleanse Phase 1 Period Ending: 30/04/2019 Project Manager: James Wilday

Status for the Previous Period: Green Status for the Current Period: Green

Key Activities/Workstreams

Activity/Workstream	Due Date	Number of Cases	% Complete	Status
Missing Contributions	30/06/2019	2033	91%	In Progress
Missing Employer Code	30/06/2019	85	100%	Complete
Missing Member Status	30/06/2019	85	100%	Complete
Missing Final Salary (Active)	30/06/2019	577	74%	In Progress
Missing Salary (Other)	30/06/2019	1823	18%	In Progress
Missing CARE pots	30/06/2019	1345	87%	In Progress
Missing Pensions	30/06/2019	429	0%	To be actioned
Missing Postcode	30/06/2019	1858	40%	In Progress
Known Missing Leavers	30/06/2019	605	67%	In Progress
Known Missing Joiners	30/06/2019	796	6%	In Progress
Missing PI Date	30/06/2019	1735	44%	In Progress
Age Discrepancies	30/06/2019	77	49%	In Progress
NINO Discrepancies	30/06/2019	107	4%	In Progress
Multiple NINO - Different Date of Birth	30/06/2019	334	100%	Complete

Status Summary

- A large amount of progress has been made across the Missing Contribution and Missing CARE Pots errors as these two error types are very much intertwined.
 - Good progress has also been made across the Missing Final Salary workstreams and the Age Discrepancy errors.

Planned Activities - Next 4 Weeks

- We will complete the review of all missing leavers and unresolved queries will be referred to employers/payroll providers for additional information.
 - Postcode corrections will be made to Altair
 - We will aim to complete the review of the Missing Contribution and Missing CARE Pots errors and all requests for leaver information will be sent.

Key Achievements Since Previous Report

- 1,850 Missing contribution errors and 1,170 CARE Pots errors have been reviewed. This work has highlighted a potential 1,313 missing leavers that were not previously identified.

Key Risks and Issues

- There is currently an error across the Brent Altair records which is preventing the system from correctly recalculating the pensions increases which is delaying further progress from being made on the PI Date errors.



**LONDON BOROUGH OF BRENT
PENSION FUND**

**MEMBER COMMUNICATIONS
STRATEGY**

2019

1. Introduction

An effective communications strategy is vital for any organisation which strives to provide a high quality and consistent service to their stakeholders.

The Communications Strategy is required by the provisions of Regulation 61 of the Local Government Pension Scheme Regulation 2013. The provision requires the Administering Authority to:

- (1) Prepare, Maintain and publish a written statement setting out its policy concerning communications with:
 - (a) Members
 - (b) Representatives of members
 - (c) Prospective members
 - (d) Scheme employers

- (2) In particular the statement must set out its policy on:
 - (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers
 - (b) the format, frequency and method of distributing such information or publicity; and
 - (c) the promotion of the Scheme to prospective members and their employers

The Fund aims to use the most appropriate communications medium for the audiences receiving the information. This may involve using more than one method of communication.

2. Pension Fund Administration

From October 2018, the London Borough of Brent delegated the pension administration service to Lancashire County Council (LCC) who have engaged the Local Pensions Partnership (LPP) to undertake their pensions portfolio. LPP was formed in 2016 through a collaboration between LCC and the London Pensions Fund Authority (LPFA) and provides pension services to the Local Government Pension Scheme, police, firefighters and other public sector funds.

3. Communication Responsibilities and Resources

The provision of timely, relevant information in a suitable format is key to ensuring efficient and effective communications. It is important that we consider the costs in terms of resource and staff time for all communications and work with the LPP to ensure there are appropriate systems and processes in place to facilitate these communications with our stakeholders.

4. Communications with Scheme Members

Our aims for communicating with our scheme members are:

- to better educate members of the benefits of the scheme to reduce the general queries being directed to the LPP administration team
- to encourage the use of the pension scheme website and registration to My Pension Online - Member Self Service.

The Key actions will be:

- continual review of employee communication methods to ensure they are effective and efficient
- on-going promotion of the Brent Pension Scheme website and Member Self Service
- Working with LPP to ensure communications are relevant and timely

Action	Audience	Media	End of Year Review 2019
Review and update the pension website https://www.yourpension.org.uk/Brent/Home.aspx	All	Web	
Promote the use of the pension website https://www.yourpension.org.uk/Brent/Home.aspx	All	Web	
Promote My Pension Online – Member Self Service	Active and Deferred	Web	
Explore the development of My Pensions Online – Member Self Service for pensioner members	Pensioner	Web	

Ensure relevant, accurate and timely communications are sent to all members	All	Paper or electronic	
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The pension scheme will provide the following communications as required, in addition to day to day individual communications with members.

Communication	Media	Frequency of Issue	Distribution	Audience
https://www.yourpension.org.uk/Brent/Home.aspx Pension Website	Web	Continually available. Updated as required	Advertised on all communications	All
Scheme booklet	Web	Continually available. Updated as required	For viewing as required	All
Newsletters and scheme updates	Web or paper	As required	For viewing as required. Post to home address for targeted communication	All
Forms	Web or paper	As required	Available to download or post to home address	All
Annual Benefit Statements	Web or paper if opted out of online statements	Annually	For viewing as required. Members are informed of availability via personal email, email to employers or internal Global News	Active and Deferred
Road shows/ Workshops	Face to face	When required	Advertised via email, Global News, Posters and employers	Active
Pensioner payslips	Paper	1 st pension payment and every April and May. Payslip sent if a variation in £3 or more	Post to home address	Pensioner

Notice of Pensions Increase	Paper / Electronic	Annually in April	Post to home address for those who opted out of e-communication and upload to http://www.yourpension.org.uk/Brent/Home.aspx	Pensioner
Internal Disputes Resolution Procedure	Paper or Web	Continually available. Updated as required	Post to home address or available to download	All
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All

Explanation of communications

Pension Website - The website will provide scheme specific information, forms, documents (such as newsletters and report and accounts), factsheets, links to related sites including My Pension Online Member Self Service and contact information. We continue to review and develop this site in partnership with LPP.

Scheme booklet - A booklet providing detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to purchase additional pension.

Newsletters - Newsletters are issued as required, usually when a significant change to the scheme occurs. Pensions Increase newsletters are sent annually to advise pensioner members of the increase to their pension.

Forms – Many of the required LGPS forms are available on the pension website such as opt out form, 50:50 or Main Scheme election form and expression of wish form.

Annual Benefit Statements – For active members these include the current value of benefits as well as the projected benefits to their normal retirement date. The associated death benefits are shown along with details of any individuals the member has nominated to receive the lump sum death grant. For deferred members these show the current value of the pension benefits, associated death benefits and details of any individuals the member has nominated to receive the lump sum death grant. These released at the end of August and are available on My Pension Online – Member Self Service. Members can opt out of the online service and elect to receive a paper copy sent to their home address.

Pensioner payslips – The payslips are sent when a member receives their first pension payment. They are posted to the pensioner's home address.

Internal Disputes Resolution Procedure – A formal notification of the procedure to follow in the event that a dispute cannot be resolved by the LPP pension administration team or the Brent Pensions Projects or Contracts Manager

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme based information such as the number of scheme members and scheme employers. This is published and available on the Brent Pensions website.

5. Communications with Prospective Scheme Members

Our aims for communicating with our prospective scheme members are:

- to increase the take up of the LGPS
- to better educate members of the benefits of the scheme to reduce the general queries being directed to the LPP administration team

The Key actions will be:

- review of communication methods to ensure they are effective and efficient
- ensuring automatic enrolment and re-enrolment is well communicated

Action	Audience	Media	End of Year Review 2019
Ensure pension forms are included in starter packs	New employees	Electronic	
Review and update the pension website	All	Web	
Work with employer to ensure automatic enrolment is correctly communicated	Existing employee	Paper or electronic	

The pension scheme will work with employers to provide the following communication as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Joiner Option Form	Paper	On commencing employment	Via employers	New employees
https://www.yourpension.org.uk/Brent/Home.aspx Pension Website	Web	Continually available. Updated as required	Advertised on all communications	All

Scheme booklet	Web	Continually available. Updated as required	For viewing as required	All
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All

6. Explanation of communications

Pensions Joiner Option Form – Form provided to all new employees which provides the details of the pension scheme website and allows them to advise of any previous pension entitlements.

Pension Website - The website will provide scheme specific information, forms, documents (such as newsletters and report and accounts), factsheets, links to related sites including My Pension Online Member Self Service and contact information. We continue to review and develop this site in partnership with LPP.

Scheme booklet - A booklet providing detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to purchase additional pension.

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme based information such as the number of scheme members and scheme employers. This is published and available on the pensions website.

7. Communications with Scheme Employers

Our aims for communicating with our scheme employers are:

- to improve relationships
- to assist them in understanding their role as a scheme employer
- to assist them in understanding their funding/cost requirements
- to work together to achieve accurate scheme actuary data submissions
- to ensure smooth staff transfers

The Key actions will be:

- offer induction meetings for all new scheme employers
- assist with the implementation of Your Fund, the LPP's online submission portal
- on-going promotion of the employer section of the Brent pension website
- working with relevant parties to admit new employers to the fund

Action	Audience	Media	End of Year Review 2019
Maximise the use of the newly developed ERM employer communication database on Altair	Employers	System	
Meet with all new scheme employers to discuss responsibilities and requirements	Employers	Face to face	
Review and update the pension website	Employer	Web	
Work with LPP and Scheme employers to implement Your Fund.	Employer	Web	
Work with LPP and Scheme employers to ensure accurate and timely data submissions	Employer	Email, phone calls or face to face	

The pension scheme will provide the following communication to employers as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Contact sheet	electronic	Annually	By email	All
Induction meeting	Face to Face	On becoming a scheme employer	By email	New scheme employers
Pension Website https://www.yourpension.org.uk/Brent/Home.aspx	Web	Continually available. Updated as required	Advertised on all communications	All
Tupe Manual and Admissions Policy	Web	Continually available. Updated as required	For viewing as required	Scheme employers and potential admitted bodies

Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All
Pension Fund Valuation reports	Electronic	Every three years	Via email	All
Funding Strategy Statement	Web	Continually available. Replaced every three years and updated as required	For viewing as required.	All

Explanation of communications

Contact sheet – A form distributed annually to all scheme employers to ensure contact details are kept up to date. Details are recorded on the ERM system on Altair

Induction Meeting – A meeting offered to all new academies and admitted bodies to discuss roles and responsibilities. An information leaflet is being updated to accompany the meeting and will be made available on the pension website once completed

Pension Website - The website will provide scheme specific information, forms, documents (such as newsletters and report and accounts), factsheets, links to related sites including My Pension Online Member Self Service and contact information. We continue to review and develop this site in partnership with LPP

Tupe Manual and Admissions Policy – These documents are relevant to Letting Authorities that are looking to outsource a service to a third party supplier

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme based information such as the number of scheme members and scheme employers. This is published and available on the pensions website

Pension Fund Valuation Reports – A report issued every three years setting out estimates assets and liabilities of the Fund as a whole and setting individual employer contribution rates for the next three year period

Funding Strategy Statement – A summary of the Fund’s approach to funding its liabilities, including reference to the Fund’s other policies although it is not an exhaustive statement of policy on all issues.

8. Communications with Representatives of Members

Pensions Committee

Our aims for communicating with Pensions Committee are:

- to provide information to enable the Committee to make decisions delegated under the Council's constitution
- to provide information to ensure the Committee are kept informed of pension related matters
- to ensure the Committee are aware of their responsibilities in relation to the Scheme

The Key actions will be:

- to submit Committee reports, which have been reviewed by the relevant Council business partners and senior manager
- To arrange training sessions when required

Action	Audience	Media	End of Year Review 2019
To submit Committee reports in line with the annual plan and as and when required	Pensions Committee Members	Paper and web	
To arrange required training as and when required	Pensions Committee Members	Face to Face	

The pension scheme will provide the following communication to Pensions Committee Members as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Committee Reports	Paper and Web	Quarterly and as and when required	By email and available on the Brent.Gov.uk website	Pension Committee Members and Trade Union representatives

Pensions Committee Briefings	Face to face	Quarterly and as and when required		Pensions Committee Members and Trade Union representatives
Training sessions	Face to face	When there is a new Pensions Committee and as and when required	By email	Pensions Committee Members and Trade Union representatives

Explanation of communications

Pensions Committee Reports – Formal reports written by Pension Fund officers and reviewed by Business Partners and a Senior Leadership Team member. Published on the Brent.gov.uk website

Pension Committee Briefings – Pension Fund officers attend each Committee meeting and provide a verbal briefing on each Committee report

Training sessions – Provided by Pension Fund officers, advisors or external experts on investment or administration related matters. Training is shared with the Local Pension Board members where applicable

Pensions Board

Our aims for communicating with the Local Pensions Board are:

- to provide information to enable the board to assist the Scheme Manager in executing their duties
- to provide information to ensure the board are kept informed of pension related matters
- to provide training with regards to investment and administration matters

The Key actions will be:

- to submit reports on areas identified for review by the Board.
- To arrange training sessions with Fund officers, advisors and external experts when required

Action	Audience	Media	End of Year Review 2019
To submit reports in line with the Board work plan and any additional areas identified at meetings	Local Pension Board	Paper and web	
To arrange required training as and when required	Local Pension Board	Face to Face and online	

The pension scheme will provide the following communication to the Pension Board as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pension Board Reports	Paper and Web	Quarterly and as and when required	By email and available on the Brent.Gov.uk and yourpension.org.uk websites	Local Pension Board
Local Pension Board Briefings	Face to face	Quarterly and as and when required	Fund officers attend each meeting	Local Pension Board
Training sessions	Face to face and online	Before each board meeting. Continual self- development is also required	Face to face delivered by Fund officers and targeted online training	Local Pension Board

Explanation of communications

Pension Board reports – Written by Pension Fund officers to provide a formal update to a particular area of work

Pension Board briefings – Pension Fund officers attend each Board meeting to provide a verbal overview of written reports and to provide updates on any on-going work

Training sessions – Provided by Pension Fund officers, advisors or external experts on investment or administration related matters. Targeted training is also available for Local Pension Board members online via the Pensions Regulator website.

Training is shared with the Pensions Committee members where applicable

9. Other Stakeholders

Pension Fund Manager (Finance)

The Pension Fund Manager (Finance) responds to staff, employer and other enquiries. Skills and knowledge are kept up to date through participation in seminars and conferences.

Local Pensions Partnership

The scheme manager is responsible for monitoring the administration contract with the Local Pensions Partnership. Monthly client reviews take place to monitor the contract and check the service level agreements are being met. They are also responsible for maintaining relationships with scheme employers, trade unions and other relevant stakeholders.

Investment Fund Managers

Day to day contact between the Pension Fund Manager (Finance) and the investment fund managers is maintained. Each fund manager is required to present their performance reports to the Pensions Committee on a cyclical basis, unless performance concerns override this.

Trade Unions

Trade unions in the London Borough of Brent are valuable ambassadors for the Pension Scheme. They ensure that details of the Local Government Pension Scheme's availability are brought to their members' attention and assist in negotiations under TUPE transfers in order to ensure, whenever possible, continued access to the Scheme.

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Brent

London Borough of Brent Pension Fund Terms of Reference

Terms of Reference for the Brent Pension Board

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1. Introduction

- 1.1 The purpose of this document is to set out the terms of reference for the local Pension Board of the London Borough of Brent Pension fund.

2. Role of the Local Pension Board

- 2.1 The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to:
- Assist the London Borough of Brent Administering Authority as Scheme Manager;
 - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
 - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
 - in such other matters as the LGPS regulations may specify
 - Secure the effective and efficient governance and administration of the LGPS for the London Borough of Brent Pension Fund.
 - Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
- 2.2 The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Pension Board will also help ensure that the London Borough of Brent Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.4 The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

3. Appointment of members of the Pension Board

- 3.1 The Pension Board shall consist of 6 members and be constituted as follows:

- i) 3 employer representatives;
- ii) 3 scheme member representatives;

- 3.2 There shall be an equal number of Member and Employer Representatives.

3.3 Member representatives

3.3.1 Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.

3.3.2 Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

3.3.3 Substitutes shall not be appointed.

3.3.4 3 scheme members shall be appointed to the Board and will consist of:

- 2 Trade Union representatives who are members of the scheme.

- 1 pensioner of the Fund shall be appointed following an open and transparent process administered by the Administering Authority with a recommendation to the General Purposes Committee.

3.4 Employer representatives

- 3.4.1 Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.
- 3.4.2 Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 3.4.3 Substitutes shall not be appointed.
- 3.4.4 3 employer representatives shall be appointed to the Board and will consist of:
- 2 elected councillors appointed by the London Borough of Brent.
 - 1 employer in the Fund shall be appointed following an open and transparent process administered by the Administering Authority with a recommendation to the General Purposes Committee.
- 3.5 Members of the Pension Board will be appointed by the General Purposes Committee and no substitutes will be permitted. The term of office for members will run for at least two years, subject to compliance with conditions of employment.
- 3.6 Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least 3 meetings each year. In the event that a Board member fails to attend 3 consecutive meetings, that individual will automatically be disqualified, unless the failure was due to some reason approved by the Board before the date of the 3rd consecutive meeting.
- 3.7 Board membership may be terminated prior to the end of the term of office due to:
- (a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
 - (b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.
 - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
 - (d) A Board member no longer being able to demonstrate to the London Borough of Brent their capacity to attend and prepare for meetings or to participate in required training.
 - (e) The representative being withdrawn by the nominating body and a replacement identified.
 - (f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.

- (g) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

3.8 The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience.

4. Appointment of Chair

4.1 An independent Chair is to be appointed through an open and transparent process, administered by the Administering Authority, and ratified by the General Purposes Committee. The Chair is a non-voting member of the board. In this respect the term independent means having no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in the Pension fund or not being a member (active, deferred or retired) of the Local Government Pension Scheme in Brent.

4.2 The Chair of the Board:

- (a) shall ensure the Board delivers its purpose as set out in these Terms of Reference;
- (b) shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered; and
- (c) shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

5. Quorum

5.1 The Board shall have a formal quorum when at least 50% of both member and employer representatives are present.

5.2 Advisers and officers do not count towards the quorum.

6. Conflicts of Interest

6.1 All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

6.2 A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

6.3 On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's 'Conflicts of Interest' policy and the requirements of the Code.

7. Board Review Process

7.1 The Board will undertake each year a formal review process to assess how well it and its committees, and the members are performing with a view to seeking continuous improvement in the Board's performance.

8. Advisers to the Board

- 8.1 The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:
- A Governance Adviser
 - The Fund's Actuary;
 - The Fund's Administrator;
 - The Fund's Legal Adviser;
 - The Fund's Investment Adviser(s);
 - The Scheme Manager.
 - Other advisers, so approved by the Scheme Manager.
 - The Pensions Regulator
- 8.2 The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

9. Knowledge and Skills

- 9.1 Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 2 above.
- 9.2 A member of the Pension Board must be conversant with:
- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
 - Any document recording policy about the administration of the LGPS which is adopted by the London Borough of Brent Pension Fund.
- 9.3 A member of the Pension Board must have knowledge and understanding of
- The law relating to pensions, and
 - Any other matters which are prescribed in regulations.
- 9.4 It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
- 9.5 In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.
- 9.6 Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 9.7 Pension Board members will comply with the Scheme Manager's training policy.

10. Board Meetings – Notice and Minutes

- 10.1 The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Independent Chair of the Board, they shall be circulated to all members.
- 10.2 There will be at least 3 Pension Board meetings a year to be held per year, approximately 2 weeks after the Pension Fund Sub-Committee meeting.

11. Remit of the Board

- 11.1 The Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails.
- 11.2 In accordance with the Regulations, the Pension Board shall secure compliance with:
- the Regulations
 - other legislation relating to the Governance and administration of the LGPS; and
 - the requirements imposed by The Pensions Regulator in relation to the LGPS, and
 - to ensure the effective and efficient governance and administration of the LGPS.
- 11.3 In support of its core functions the Board may make a request for information to the Pension Fund Sub-Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.
- 11.4 In support of its core functions the Board may make recommendations to the Pension Fund Sub-Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

12. Standards of Conduct

- 12.1 The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

13. Decision Making

- 13.1 Each voting member of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Independent Chair of the Pension Board and any advisors are non-voting members of the Board.

14. Publication of Pension Board information

- 14.1 Scheme members and other interested parties will want to know that the London Borough of Brent Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.
- 14.2 Up to date information will be posted on the London Borough of Brent Pension Fund website showing:
- The names and information of the Pension Board members
 - How the scheme members are represented on the Pension Board
 - The responsibilities of the Pension Board as a whole
 - The full terms of reference and policies of the Pension Board and how they operate
 - The Pension Board appointment process
 - Who each individual Pension Board member represents
 - Any specific roles and responsibilities of individual Pension Board members.
- 14.3 The Board meetings will be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).
- 14.4 Pension Board papers, agendas and minutes of meetings will be published on the London Borough of Brent Pension Fund website, <https://www.brent.gov.uk/pensions>. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.
- 14.5 The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

15. Accountability

- 15.1 The Pension Board will be collectively and individually accountable to the Scheme Manager.

16. Review of terms of reference

- 16.1 These Terms of Reference shall be reviewed on each material change to those part of the Regulations covering local pension boards and at least every year.
- 16.2 These Terms of Reference were reviewed on 13 March 2019.

17. Definitions

17.1 The undernoted terms shall have the following meaning when used in this document:

<i>“Pension Board” or “Board”</i>	Means the local Pension Board for the London Borough of Brent administering authority for the London Borough of Brent Pension Fund as required under the Public Service Pensions Act 2013
<i>“Scheme Manager”</i>	Means the London Borough of Brent as administering authority of the London Borough of Brent Pension Fund.
<i>“Chair”</i>	Means the Independent Chair of the Pension Board
<i>“LGPS”</i>	<p>The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009</p> <p>In Scotland;</p> <p>The Local Government Pension Scheme as constituted by the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008, the Local Government Pension Scheme Administration) (Scotland) Regulations 2008, The Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008 and the The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010]</p>
<i>“Scheme”</i>	<i>Means the Local Government Pension Scheme as defined under “LGPS”</i>
<i>‘Pensions Regulator’</i>	<i>Means the UK regulator of work-based pension schemes.</i>
<i>‘the Committee’</i>	<i>Means the committee which has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.</i>
<i>‘the Fund’</i>	<i>Means the Fund managed and administered by the Administering Authority.</i>

18. Interpretation

18.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be determined by the Scheme Manager.

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Conflict of Interest Policy – Members of the London Borough of Brent Pension Fund Local Pension Board

Status of this policy

The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of local pension boards do not have a conflict of interest. The Local Government Pension Scheme Regulations 2013 (the 2013 Regulations) have been amended accordingly. This policy sets out the principles which members of the London Borough of Brent Pension Fund Local Pension Board are expected to follow in order to fulfil their legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.

Defining Conflicts of Interest

A conflict of interest may arise when a member of a Local Pension Board:

- must fulfil their legal duty to assist the Administering Authority; and
- at the same time has:
 - a separate personal interest (financial or otherwise); or
 - another responsibility in relation to that matter,
- giving rise to a possible conflict with their first responsibility as a Local Pension Board member.

The key issue for a member of the Local Pension Board is to consider whether they are subject to a conflict of interest which prevents them from acting entirely independently in their capacity as a member of the Local Pension Board. It is recognised that from time to time a person may have interests or responsibilities which are not aligned with their responsibilities as a member of the Local Pension Board, but these do not prevent the person from fulfilling their responsibilities as a Board member. This situation may occur when the separate interest is sufficiently immaterial and so does not conflict with the Board member's first obligation to the Local Pension Board.

Policy Objectives

1. To ensure that all members of the London Borough of Brent Pension Fund Local Pension Board comply with their statutory requirements under The Public Service Pensions Act 2013 and associated regulations and guidance.
2. Ensure that all Local Pension Board members are aware of their duty to act independently and carry out their roles to a high ethical standard.
3. Remove any perception that the actions of Local Pension Board members are influenced by the presence of a separate responsibility or interest that conflict with their responsibilities as a Board member.
4. Maintain appropriate records of declared conflicts of interest and manage any potential conflicts to ensure they do not become actual or perceived conflicts of interest.
5. Ensure that public confidence in the governance of the London Borough of Brent Pension Fund is maintained.

Legislative Background

This policy sets out how members of the London Borough of Brent Pension Fund Local Pension Board are expected to manage potential, perceived or actual conflicts of interest arising in relation to their work as a member of that Pension Board.

Regulation 108 of the 2013 Regulations requires that;

Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest

Section 5(5) of the 2013 Act defines a conflict of interest as;

A financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).

The 2013 Regulations allow for elected members to sit on a Local Pension Board. Under the Localism Act of 2011 all elected members will be covered by and subject to their own local authority's code of conduct. Nothing in this policy in any way supersedes or replaces any requirements under an elected member's own authority's code of conduct.

The Regulator's Code of Practice on Conflicts of Interest

The Pensions Regulator has responsibility for regulatory oversight of the governance and administration of public service pension schemes, including the Local Government Pension Scheme and therefore by implication includes regulatory oversight of the Local Pension Board's activities. The Pensions Regulator has published guidance in the form of a Code of Practice part of which is designed to assist Scheme Managers to meet their legal duty in ensuring that Local Pension Board members do not have conflicts of interest.

Perception of Conflicts of Interest

Members of the Local Pension Board should be aware that even if no actual conflict of interest exists it is important to guard against the perception among, for example, Scheme members, the Pensions Regulator, elected members or members of the public that a real conflict of interest exists.

If there is the possibility that a perceived conflict of interest may exist, it should be managed by the Local Pension Board in the same way as a real conflict of interest.

Confidential Information

A member of the Local Pension Board may, by virtue of their employment by an employing authority within the London Borough of Brent Pension Fund, have access to confidential information about their employer.

A member of the Board is not obliged to reveal this information as part of their role on the Local Pension Board.

However, if an affected member considers that the information to which they are party may:

- a) adversely affect the London Borough of Brent Pension Fund or an employer within the Fund,
- b) reasonably cause the Local Pension Board to interpret a decision by the Pension Committee differently or act in a different way were it to be known at the time and

- c) the information will not be made available to the Local Pension board through some other means within such time as the Board is able to fully act upon it,

that Local Pension Board member shall withdraw from all discussion in relation to that issue and notify the Board that a conflict of interest exists. The details of the conflict need not be disclosed.

This scenario may occur where a Board member is aware of legally confidential negotiations around, for example, the takeover of a London Borough of Brent Pension Fund employer which may radically alter that business and have a corresponding effect on its participation in the fund or the size of its liabilities.

Identifying and monitoring Conflicts of Interest

The Role of Individual Members of the Local Pension Board

There is a duty on all prospective Local Pension Board members to declare interests prior to their appointment to the Board.

Members of the Local Pension Board must provide any information requested by the Administering Authority in connection with the Authority's duty to ensure that conflicts of interest do not exist.

Local Pension Board members must be conscious of the need to be open about potential and actual conflicts. Board members should be aware of their statutory obligations in this area as well as being familiar with the Pension Regulator's code of practice and this policy document.

Where a member has declared an interest which has been recorded on the Register of Member Interests it will not typically be necessary to declare that interest at subsequent Local Pension Board meetings unless the materiality of that interest changes in respect of the Board's business.

In cases of exceptional sensitivity a member of the Local Pension Board may make a notification of an interest to the Chair of the Board, rather than to the full Board.

The Role of the Administering Authority

London Borough of Brent Council as the Administering Authority for the London Borough of Brent Pension Fund must be satisfied that any individual appointed to the Local Pension Board does not have a conflict of interest and must also ensure that from time to time no such conflict arises.

London Borough of Brent Council shall consider all applications from potential Local Pension Board members prior to approval in order to ensure that no conflict exists. The potential for a conflict to arise at some point in future will not in itself be reason to exclude an individual from membership of the Local Pension Board, unless the Administering Authority considers that the likelihood of a conflict arising is so high or the conflict itself is likely to arise persistently and frequently enough that it is likely to compromise an individual's ability to participate meaningfully on the Board.

The Role of the Local Pension Board

The Local Pension Board should identify, monitor and manage dual interests and responsibilities which are or have the potential to become actual or perceived conflicts of interest. In determining how to manage conflicts of interest the Local Pension Board must comply with the 2013 Act, The 2013 Regulations, guidance from the Pensions Regulator and this policy document.

When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of a Local Pension Board, the Board should consider obtaining legal advice when assessing any option.

There will be a standing agenda item at all meetings of the Local Pension Board at which members will be asked to declare any interests. The Local Pension Board will ensure that a register of member interests will be kept up to date and be included as part of the papers for each meeting of the Local Pension Board.

Managing Conflicts of Interest

In the event that the Local Pension Board is of the view that a potential conflict of interest may become an actual or perceived conflict in respect of one or more of its members the Board must determine the appropriate mechanism for managing that conflict. The approach taken will depend on the nature and extent of the potential conflict. Some possible methods for the management of potential conflicts are given below.

- Requiring that the member for whom the conflict exists takes no part in discussions or does not vote in respect of the matter for which they are conflicted.
- If practical the member may relinquish or divest themselves of a personal interest which is the source of a conflict of interest with their Local Pension Board responsibilities.
- If the conflict is likely to be persistent and ongoing in such a way that it is likely to limit a member's meaningful participation in the Local Pension Board, that member should consider resigning from their position.
- The Scheme Manager may remove any individual from the Local Pension Board where they consider there is an actual conflict of interest or a potential conflict which it is impractical to manage.

Adviser and Officer Conflicts

The Local Pension Board will be supported and advised by officers of the Fund in its day to day business. Similarly the Board may, if appropriate, seek independent or professional advice for example, legal advice or governance advice.

The Local Pension Board must be confident that the advice it receives from officers and advisers is independent and truly in the best interests of the London Borough of Brent Pension Fund. For this reason officers and advisers giving advice to the Local Pension Board must also declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed.

Appendix

Relevant References

2011 Act	The Localism Act 2011.
2013 Act	The Public Service Pensions Act 2013.
2013 Regulations	The Local Government Pension Scheme Regulations 2013 (as amended).
Scheme Manager	The administering authority for the London Borough of Brent Pension Fund, London Borough of Brent Council

Examples of conflicts of interest

The following are intended to be examples of potential conflicts for illustrative purposes. The list is not exhaustive and is not intended to provide all the scenarios in which a conflict of interest may arise.

Example 1

There may be situations where a member of the Local Pension Board who is also an officer for the London Borough of Brent Council or some other employer in the London Borough of Brent Pension Fund faces conflicting priorities by virtue of their two roles. For example, as a Local Pension Board member they may make or scrutinise a decision which requires the use of greater employer resource in order to improve the administration and efficiency of the London Borough of Brent Pension Fund. However, at the same time they may be facing departmental pressure to cut budgets and spend less on pension administration matters.

Example 2

The Local Pension Board is reviewing a decision by the Pension Committee to levy an additional charge under the 2013 Regulations to a group of employers whose poor performance in carrying out their statutory functions in respect of the LGPS has caused the London Borough of Brent Pension Fund additional costs. Any employer representative on the Board, who is employed by an employer who falls into this category, would need to declare their interest and the resulting conflict of interest would need to be managed.

Example 3

It is possible that a scheme member representative is also employed by a firm to whom the Fund's administration has been outsourced. Such a member is likely to face a conflict of interest when the performance of that company in respect of their administration performance is discussed.

Example of where a declared interest may not constitute a conflict of interest

A representative on the Local Pension Board holds shares in a company that provides outsourced pension administration services as part of a varied portfolio. The shares are valued at a few hundred pounds and the company's value is many tens of millions. The Pension board is reviewing the decision to outsource the Fund's administration staff to that company.

In this case the Local Pension Board may consider that on grounds of materiality, no conflict of interest exists. The Local Pension Board is not responsible for the decision and the impact of the outsourcing will have no effect on the company's share price. The Local Pension Board member in question should, however, still declare their interest.

 Brent	Pension Board 13 June 2019
	Report from the Chief Finance Officer
LGPS Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	<ol style="list-style-type: none"> 1. Exit payments cap - LGPC Secretariat Summary 2. SAB Advice Note 3. LGPC Bulletin – March 2019 (182) 4. LGPC Bulletin – March 2019 (183) 5. LGPC Bulletin – April 2019 6. LGPC Bulletin – May 2019
Background Papers:	<ul style="list-style-type: none"> ▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Interim Director of Finance Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

1.1 The purpose of this report is to update the board on recent developments within the LGPS regulatory environment and recent consultations issued by the Ministry of Housing, Communities and Local Government which have would have a significant impact on the Fund.

2.0 Recommendation(s)

2.1 The board is asked to note the recent developments in the LGPS.

3.0 Detail

Exit Payments Cap

- 3.1 The government first announced plans to cap exit payments in the public sector in 2015. On 10 April 2019 HM Treasury (HMT) launched a consultation on draft regulations, guidance and Directions to implement the cap.
- 3.2 The exit payment cap is set at £95,000 and redundancy payments (including statutory redundancy payments), severance payments, pension strain costs – which arise when a Local Government Pension Scheme (LGPS) pension is paid unreduced before a member’s normal pension age – and other payments made as a consequence of termination of employment are included in the cap.
- 3.3 Payments related to death in service or ill health retirement, pay in lieu of holiday and payments made in compliance with an order made by a court or tribunal are not counted in the definition of exit payments. There are certain circumstances when the cap must be or may be relaxed.
- 3.4 The statutory redundancy element of an exit payment cannot be reduced. Should the cap be exceeded, other elements that make up the exit payment must be reduced to achieve a payment below the cap.
- 3.5 It is unclear what the impact on a LGPS member will be if the cap is exceeded and the exit payment includes pension strain cost. It is understood that the policy intent is for the member’s pension benefits to be reduced to the extent that the exit payment cap is not breached. A summary of the consultation produced by the LGPC Secretariat is attached in Appendix 1.
- 3.6 The government is currently seeking views on the proposed draft regulations and the consultation closes on 3 July 2019. The fund is also awaiting further analysis from LGA's Local Government Pension Committee and the Scheme advisory board.
- 3.7 Brent officers, in consultation with the Fund’s advisors, will prepare a response to the consultation on behalf of the Brent Pension Fund before the consultation closes. Members of the board are invited to note this development and offer any comments they may have.

Valuation Consultation

- 3.8 MHCLG launched a consultation about changes to the valuation cycle and the management of employer risk for LGPS funds in England and Wales. The consultation closes on 31 July 2019.

The five key proposals covered by the consultation are:

- 3.9 Transitioning local fund valuations from 3 yearly to 4 yearly, so that the national LGPS cost management valuation and local LGPS valuations are aligned from 31 March 2024 onwards.
- 3.10 Giving funds the power to carry out ‘interim’ valuations between formal valuation dates, and adjust employer contribution rates upwards or downwards

to reflect changing circumstances (with the 'trigger points' for the interim valuations subject to statutory guidance).

- 3.11 Allowing funds more flexibility around the way in which they manage employers that exit the LGPS, by spreading cessation debt repayments or setting up private sector style 'deferred debt' arrangements to ease employer concerns over affordability.
- 3.12 Amending LGPS Regulations to allow exit credits to be reduced to nil where a pass-through arrangement is in place.
- 3.13 Removing the requirement for further education, higher education and sixth form college corporations in England to offer new employees access to the LGPS.
- 3.14 The fund is awaiting further analysis from LGA's Local Government Pension Committee and the Scheme advisory board in relation to this consultation.
- 3.15 Brent officers, in consultation with the Fund's advisors, will prepare a response to the consultation on behalf of the Brent Pension Fund before the consultation closes. Members of the board are invited to note this development and offer any comments they may have.

McCloud Case

- 3.16 On 21 December 2018 it was reported that the Court of Appeal held that transitional protections that protected older judges and firefighters from the public sector pension scheme changes in 2015, were unlawfully discriminatory. This case is known as the 'McCloud case'.
- 3.17 Following the judgment, on 30 January 2019, the Government published a written statement that paused the HMT cost management process for public service pension schemes, pending the outcome of the application to appeal the McCloud case to the Supreme Court. This was supplemented by the publication of the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment and Savings) Directions 2019, on 15 February 2019.
- 3.18 On 8 February 2019, Scheme Advisory Board (SAB) confirmed it had no option but to pause its own cost management process pending the outcome of the McCloud case. As a result, no changes were made to benefits which had been planned in respect of the LGPS cost management process from 1 April 2019. This situation will be reviewed once McCloud is resolved which is not expected for some months.
- 3.19 On 14 May 2019, the scheme advisory board (SAB) published an advice note covering the implications of McCloud/Cost Cap in relation to the 2019 fund valuations. This is attached to this report in Appendix 2. The fund is currently analysing the implications of the advice note and will work with the Fund actuary and investment advisor to manage the potential ongoing risks for the fund.

4.0 Financial Implications

This report is for noting, so there are no direct financial implications. However, the outcome of the consultations could have financial implications for the Fund, in particular the exit cap and the outcome of the McCloud case. Further work will be done with the Fund actuary to analyse the implications and report back to the board.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel
Interim Director of Finance

Exit payments cap

In 2015 the government first announced plans to introduce a cap on exit payments in the public sector. The cap includes any pension strain cost. The cap was legislated for in the Enterprise Act 2016, which amends the Small Business, Enterprise and Employment Act 2015, but required secondary legislation to be introduced.

On 10 April 2019, HM Treasury opened a [consultation](#) on draft regulations, Directions and guidance to implement the exit cap. The consultation will run for 12 weeks and closes on 3 July 2019. The LGA will be responding formally to the consultation ahead of the 3 July deadline.

This document has been produced by the LGPC Secretariat and provides a summary of the consultation and the proposed regulations for LGPS administering authorities and local government employers.

Consultation documents

HM Treasury (HMT) published the following consultation documents on 10 April 2019:

1. Consultation document - 'Restricting exit payments in the public sector: consultation on implementation of regulations'

The consultation document sets out what types of public sector exit payments the regulations apply to, summarises the proposed regulations and the reasons for introducing these regulations. Details of how to respond are included, and information concerning how respondents' data will be processed.

2. Draft regulations - 'Annex A: The Restriction of Public Sector Exit Payments Regulations 2019'

'The Regulations' include:

- the bodies whose exit payments are covered by the cap
- what constitutes an exit payment and what is exempt
- the requirement for individuals and public sector bodies to report and record information about exit payments and
- the circumstances in which the cap must be relaxed and the process for approval in situations where the cap may be relaxed.

3. Schedule – 'Annex B: £95k cap on exit payments in the public sector schedule (draft)'

'The Schedule' sets out public sector authorities and public sector offices that may be affected by the exit payment cap. There are circumstances where the cap must or may be waived. Where relevant, the Schedule specifies what body is the sponsoring department who would be responsible for approving the relaxation of the cap.

4. Guidance – 'Annex C: Restriction of public sector exit payments: guidance on the 2019 regulations'

'The Guidance' sets out more information on how the legislation should be implemented, and particularly gives more information about the process to follow when a public sector body wishes to relax the restriction.

5. HMT Direction – 'Mandatory HM Treasury directions'

'The Directions' describe when the exit payment cap must be relaxed, in what circumstances it can be relaxed and when HMT approval is required.

There are occasions when the contents of the consultation documents contradict each other, there are contradictions within a single document and there are differences in the wording of the Regulations, the Enterprise Act 2016 and the Small Business, Enterprise and Employment Act 2015. The Guidance states that 'Where there is any discrepancy between the regulations and the guidance, the regulations prevail'. This is the approach followed in producing this document. Any area of significant difference in the consultation documents, draft regulation or existing legislation is highlighted.

What is the level of the cap?

The exit payment cap is set at £95,000. Although regulation 153A(9) of the Small Business, Enterprise and Employment Act 2015 allows for Regulations to be introduced which change the cap, under the proposed Regulations there is no provision for the cap to be index-linked.

In relation to those employed in local government, it should be noted that the group who are most likely to be affected by the cap are those over age 55 who are members of the LGPS (or another public sector pension scheme).

Who is covered by the Regulations?

The cap will apply to the whole of the public sector, but is being implemented in two stages. At the first stage the Regulations will apply to exit payments made by:

- local authorities
- the UK Civil Service
- the NHS in England and Wales
- academy schools
- police forces (including civilian staff)
- Fire and Rescue Authorities

where they fall within the responsibility of the UK government regarding employment.

Schedule 2, Part 1 of The Local Government Pension Scheme Regulations 2013 lists the employers who must enrol employees into the Local Government Pension Scheme. The majority of employers listed in Part 1 of Schedule 2 are in scope of the exit payment Regulations. The main exceptions being housing management companies, further and higher education corporations and sixth form college corporations who are not covered by the Regulations.

LGPS administering authorities may wish to check whether any of their Schedule 2 Part 3 employers are listed in the Schedule.

Devolved administrations

Wales

Although most employers in scope of the exit payment cap perform devolved functions, public sector compensation **is not** a power that has been devolved to the Welsh Assembly. The exit payment Regulations therefore do apply in Wales to local authorities, schools, fire and rescue authorities, NHS Trusts etc. with the exception of 'relevant Welsh exit payments' which are payments made to holders of these offices:

- member of the National Assembly for Wales
- the First Minister for Wales
- Welsh Minister appointed under section 48 of the Government of Wales Act 2006
- Counsel General to the Welsh Government
- Deputy Welsh Minister

- member of a county council or a county borough council in Wales
- member of a National Park Authority in Wales
- member of a Fire and Rescue Authority in Wales.

Scotland

The Regulations do not apply to exit payments made by the Scottish Corporate Body or by any authority which wholly or mainly exercises functions within devolved competence (within the meaning of section 54 of the Scotland Act 1998).

The Regulations apply to payments made to non-ministerial office holders and staff of the Scottish Administration.

Northern Ireland

The Regulations do not apply to payments made by Northern Irish authorities which wholly or mainly exercise devolved functions.

Public sector bodies not covered by the cap

A newly created public sector body will not be covered by the cap until it is added to Schedule 1. The government expects all public sector bodies not covered by the Regulations – whether they are new or established bodies – to restrict exit payments voluntarily.

The Regulations will be extended to the rest of the public sector at the second stage, with a limited number of exemptions.

The government has proposed that the Secret Intelligence Service, the Security Service, the Government Communications Headquarters and the Armed Forces should be exempt from the cap due to the unique demands and features of careers in these fields.

The Scottish Parliament, Northern Ireland Assembly and Welsh Assembly could introduce regulations which restrict the exit payments made by those public sector bodies in Scotland, Northern Ireland and Wales respectively, which are not covered by these Regulations.

What is an exit?

The Regulations apply where there has been a ‘relevant public sector exit’ which occurs when an employee leaves the employment of a public sector authority listed in the Schedule, or when a holder of a public sector office listed in the Schedule leaves office.

In the LGPS there are other events which can lead to a pension strain cost which are **not** exits and which therefore are **not** covered by the Regulations:

- Early payment of deferred benefits and all or part of the early payment reductions are waived
- Flexible retirement – providing the member’s pay reduction is achieved by changing the employee’s contract.

If a LGPS member takes flexible retirement and the pay reduction is achieved by ending their current employment contract and starting a new one then an exit has occurred and the exit payment restrictions would apply.

Although the Guidance and Regulations concentrate on specific exits such as redundancy, because of the wide nature of the definition of exit, we will need to ensure that there are no other circumstances in which payments are made under the scheme which may be caught.

Payments included in the cap

The cap will apply to payments of the following types, but see also the list of exclusions which follows:

- a) any payment on account of dismissal by reason of redundancy – including a statutory redundancy payment
- b) any payment made to reduce or eliminate an actuarial reduction to a pension on early retirement or in respect to the cost of a pension scheme of such a reduction not being made [pension strain costs]
- c) any payment made pursuant to an award of compensation under the ACAS arbitration scheme or a settlement or conciliation agreement
- d) any severance payment or ex gratia payment
- e) any payment in the form of shares or share options
- f) any payment on voluntary exit
- g) any payment in lieu of notice due under a contract of employment [but only if it exceeds a quarter of the employee's annual salary – see the next section]
- h) any payment made to extinguish any liability to pay money under a fixed term contract
- i) any other payment made, whether under a contract of employment or otherwise, in consequence of termination of employment or loss of office [this will include pay in lieu of notice which is due other than under a contract of employment].

The following payments are **not exit payments** for the purposes of the Regulations:

- a) any payment made in respect of death in service
- b) any payment made in respect of incapacity as a result of accident, injury or illness
- c) certain payments made to retiring firefighters – separate guidance will be issued to cover the position for firefighters
- d) a specific service award paid to a member of the judiciary
- e) a service payment made in respect of annual leave due under a contract of employment
- f) any payment made in compliance with an order of any court or tribunal
- g) a payment in lieu of notice due under a contract of employment that does not exceed one quarter of the relevant person's annual salary.

What payments are included in the calculation of an exit payment is subject to change. If HMT becomes aware of payments being made to exiting employees or office holders that are not currently defined as exit payments then it is likely that these payments will be added to the above list.

Where an exit payment exceeds the cap, the employer or the body responsible for determining the remuneration payable to the holder of a public office covered by these regulations must reduce the exit payments until the cap is satisfied. Any statutory redundancy entitlement under the Employment Rights Act 1996 cannot be reduced.

Multiple exit payments

If an individual becomes entitled to more than one exit payment within 28 days, the Regulations prescribe the order in which those exits are treated to have occurred based on the date of exit, salary, hours worked and length of service. The cap applies to the total of the two (or more) exit payments. However, because the statutory redundancy payment cannot be reduced, there may be occasions when an employee receives two or more exit payments within 28 days and the total of those exit payments exceeds the cap. It is the individual's obligation to inform their other public sector employers if they receive an exit payment.

The employer has an obligation to ensure that any exit payment they make does not exceed the exit cap, or if it does exceed the cap that it is compliant with HMT Directions on relaxation. Employers must put processes in place to request information about any recent or pending public sector exit payments before making such a payment to an exiting employee or office holder.

Pension strain cost

HMT's assumption is that employers will, where possible, cap the redundancy lump sum and allow individuals to receive the pension top up in full. There is no requirement for employers to follow this process, which means that the Regulations as they stand allow employers to restrict any of the elements that make up the exit payment (other than any statutory redundancy payment) in any order.

In a pension scheme which allows partial reduction, if the exit payment cap would otherwise be breached and the exit payment includes pension strain costs, retirement benefits would be reduced to a level which means the cap is not breached. The individual would have the option of buying out some or all of that reduction.

If the Regulations prevent an exit payment being made (because the pension strain cost exceeds the cap and the pension scheme rules do not allow partial reduction, for example) then a cash payment, not exceeding the cap must be paid to the individual.

The position for the LGPS

Paragraph 5 of Schedule 6 to the Enterprise Act 2016 amends the Local Government Pension Scheme Regulations 2013 to allow:

- partial reduction of a member's pension benefits where otherwise the exit payment cap would be breached and
- a scheme member to pay a charge to buy out some or all of that reduction

These changes do not come into effect until HMT issue a commencement order. The effect of the exit payment Regulations on the LGPS is dependent on whether they are enacted before or after the LGPS regulations changes set out in the Enterprise Act come into force.

1. LGPS Regulations are unchanged

If an exit payment includes pension strain cost and would exceed the cap, it is unclear whether the pension could be paid under regulation 30(7)(b) of the LGPS Regulations 2013 if the strain cost referred to in regulation 68(2) cannot be paid in full. It is our understanding that the intention is for the member to receive a fully reduced pension in this circumstance, plus the cash alternative of the strain cost (up to the maximum allowed by the cap). Changes to the LGPS regulations would be required to introduce the option for a member who is made redundant or leaves on the grounds of business efficiency at age 55 or over to defer payment of their pension.

2. LGPS Regulations amended to allow partial reduction

If an exit payment includes pension strain cost and would exceed the cap, then the member's benefits would be reduced to such a level that the exit payment cap is not breached. The member would have the option of paying extra to buy-out some or all of the reduction.

The proposed regulation changes do not introduce the option to defer payment of pension benefits in the event of a LGPS member who is over age 55 being made redundant or leaving on the grounds of business efficiency. As the regulations

currently stand, a LGPS member whose exit payment has been capped would be forced to accept a reduced pension.

If the option to defer payment of LGPS benefits on redundancy or retirement on business efficiency grounds at age 55 or over is introduced, then a member who exercises the option to defer could be paid the cash alternative to the pension strain cost (up to the maximum allowed by the exit payment cap).

In order to implement partial reduction in the LGPS, guidance from the Government Actuary's Department (GAD) on partial reductions and on the cost of buying out those reductions would be required. Detailed information concerning the method of calculating the partial reduction in a members' benefits, the method and calculation for buying out the reduction – particularly the calculation which would be involved in working out the reduction to apply where some but not all of the reduction has been bought out, and the deadline that applies to an election to make such a payment would be required. It is likely that changes to the LGPS regulations and new statutory guidance would be required to effect this change.

The Regulations do not specify how to calculate the strain cost related to the early payment of a pension on an unreduced basis. The LGPS Regulations state that this strain cost is to be 'calculated by an actuary appointed by the administering authority' and the Guidance says that it 'may be the amount as calculated by the scheme actuary'. Currently, the method of strain cost calculation is formulated locally based on the demographic make-up of the LGPS members in an administering authority. Demographic differences across the country mean that strain cost and the implications for the exit cap could differ widely for LGPS members in different geographical areas, even if they are similar in other respects such as age, salary level and length of pension scheme membership.

If there is no change to the current position then the calculation of the strain cost element of an exit payment will differ between LGPS administering authorities. The benefit of this approach is that the strain cost reflects the best estimate of the cost of paying the pension early, based on actuarial assumptions and the demographics of members participating in the LGPS in a particular administering authority. The main disadvantage is that a member may be affected by the cap based on the calculation adopted by one administering authority who would not be affected had the strain cost been calculated by another administering authority.

An alternative would be for GAD to introduce a standard method of calculating pension strain cost in the LGPS. This would have the advantage that the application of the exit payment cap would be equitable and consistent across the entire scheme. Significant demographic differences exist across the country. The use of a single method of strain cost calculation could result in strain costs being overpaid by certain employers, which may lead to a reduction in employer contribution rates. In other administering authorities the strain cost paid by employers would not reflect the 'true' cost of paying the pension early and consequently could lead to increased employer contribution rates. In these circumstances the exit payment may not reflect the actual cost to the employer of releasing a LGPS pension early.

Relaxation of the restriction on exit payments

HMT Directions set out the circumstances in which the exit payment restrictions must be relaxed – mandatory cases – and the circumstances when they may be relaxed – discretionary cases.

The HMT Directions do not apply to exit payments made by a devolved Welsh authority.

The 'Decision Maker' is the person who exercises the power to relax the exit payment restriction. This power generally rests with a Minister of the Crown but can be delegated in respect of exit payments made by certain public sector bodies. This is covered further in the next section.

The power to relax the exit payment cap can be exercised in respect of an individual, or in exceptional circumstances in respect of a group of employees, for example where redundancies occur as a result of specific workforce reforms.

Mandatory cases

The exit payment restriction must be relaxed in the following circumstances:

- Where the obligation to make the payment arises as a result of the applying TUPE regulations
- Where the payment relates to a complaint that an Employment Tribunal (ET) has the jurisdiction to consider. This is limited to complaints under whistleblowing or discrimination legislation and the employer believes, on the balance of probabilities, that an ET would find in favour of the complainant
- Certain exit payments made by the Nuclear Decommissioning Agency

Discretionary cases

The exit payment restriction may be relaxed if the Decision Maker is satisfied that:

- not exercising the power would cause undue hardship
- not exercising the power would significantly inhibit workforce reform *
- an agreement to exit was made **and** the exit was planned to occur before the Regulations came into force, the exit was delayed and the reason for that delay was not attributable to the employee or office holder.

* There is a difference in the wording of the consultation documents here. HMT Directions refer only to 'workforce reform', but the Guidance specifies 'urgent' workforce reform.

Section 4.5 of the Guidance states that 'the reasons for exercising a power to relax the cap should relate directly to a relaxation category', but section 5.1 says that the cap can be relaxed 'outside of the circumstances outlined in HMT directions...'. The Regulations support the position that the exit payment restriction can be relaxed for reasons other those set out in the Directions with HMT consent. It is possible that there may be changes in later versions of the Regulations, Directions or Guidance which may affect the rules concerning relaxation on grounds other than those currently listed in the HMT Directions.

The power to relax the cap

Generally, the power to exercise the cap lies with a Minister of the Crown, the 'Decision Maker', but this is delegated to certain other public sector bodies.

Payment made by:	Power to relax restrictions delegated to:
A devolved Welsh Authority	Welsh Ministers
A local authority in England	The full council of that local authority
A fire and rescue authority	The fire and rescue authority
The Greater London Authority	The London Assembly

Depending on who is the 'Decision Maker' and whether the exit payment is being restricted on mandatory or discretionary grounds, HM Treasury approval may also be required before the exit payment restriction can be relaxed.

The consultation documents do not agree on when certain types of approval are required. Table 1 on page 9 sets out our interpretation of the information provided in the consultation documents.

The relevant public sector employer is responsible for ensuring that any exit payment does not exceed the cap, or if it does that the relaxation of the cap has been done in compliance with HMT Directions or with HMT consent.

If an exit payment is made in excess of the cap which is not compliant with HMT Directions, the employer must make an assessment on whether to pursue repayment through the courts. Sanctions may also be imposed on the employer (or, if appropriate the sponsoring department) by HMT.

Recording and reporting exit payments

The Regulations impose responsibilities on Decision Makers, employers and employees related to exit payments.

Employee: requirement to inform

An employee with multiple employments in the public sector who receives an exit payment in respect of one employment is required, as soon as is reasonably practicable, to inform all other public sector authorities by whom he or she is employed about that exit payment in writing. Specifically, the amount and type of exit payment, who will be paying it and the date they left employment or ceased to hold office to which the exit payment relates.

Decision Makers and employers: Duties to keep records

The Regulations require that the person who exercises the power to relax the restriction must keep a written record, for three years from the exit date, of:

- a) the fact that the power has been exercised
- b) the name of the person in respect of whom the power was exercised
- c) the amount and type of the exit payment in respect of which the power was exercised
- d) the date on which the power was exercised
- e) the reasons why the power was exercised.

The relevant public sector authority must publish the details from c), d) and e) at the end of each financial year.

Although it is not required by the Regulations, the Guidance includes a recommendation that employers record instances when an exit payment is capped.

Table 1: The power to relax restrictions on exit payments

Employer ¹ making the exit payment	Decision Maker	Type of case	Consent of HM Treasury required?
Local authority in England	Full council of that authority	Mandatory	No
A fire and rescue authority	The fire and rescue authority	Discretionary	Yes ²
The Greater London Authority	The London Assembly		
Any other public sector body covered by the Regulations	Minister of the Crown	Mandatory	No
		Discretionary	No ³
All of the above	As above	Outside of circumstances outlined in HMT Directions	Yes
A devolved Welsh authority	Welsh Ministers	All – HMT Directions do not apply	No

¹ or a body responsible for determining the remuneration payable to the holder of a public sector office listed in Schedule 1

² The Guidance states that the sponsoring department would have to approve the business case supporting the relaxation of the exit cap as well as HMT. The requirement for this additional approval is not reflected in the wording of the Regulations or the HM Directions.

³ The Guidance suggests that HM Treasury approval is required where the Decision Maker is a Minister of the Crown, but this is not reflected in the Regulations or the HMT Directions.

The Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly may enact regulations to restrict exit payments made by devolved bodies that are not covered by the Regulations. If they do so, any power to relax the restrictions would lie with Scottish, Welsh or Northern Irish Ministers. The HMT Directions would not apply.

The Consultation

The consultation invites responses from:

- employing bodies within scope and out of scope of the Regulations
- employees
- bodies representing those employers or employees
- academics with expertise in this area
- public and private sector pay, pension, remuneration and HR professionals
- anyone else who might be impacted by this consultation

to the following questions:

1. Does draft schedule 1 to the regulations capture the bodies intended? If not, please provide reasons.
2. Do you agree with the current list of bodies in scope, for the first round of implementation? If not, please provide reasons.
3. Do you agree with the exemptions outlined? If not, please provide evidence.
4. Does the guidance adequately support employers and individuals to apply the draft regulations as they stand? If not, please provide information on how the guidance could be enhanced.
5. Is the guidance sufficiently clear on how to apply the mandatory and discretionary relaxation of the regulations, especially in the case of whistleblowers?
6. Is there further information or explanation of how the regulations should be applied which you consider should be included in the guidance? If so, please provide details.
7. Are there other impacts not covered above which you would highlight in relation to the proposals in this consultation document?
8. Are you able to provide information and data in relation to the impacts set out above?

Responses can be submitted:

Online: <https://www.smartsurvey.co.uk/s/QABLW/>

By email: ExitPaymentCap@treasury.gov.uk with the subject heading 'Consultation on Exit Payment Cap'

In writing: Workforce, Pay & Pensions Team
HM Treasury
1 Horse Guards Road
London, SW1A 2HQ.

Disclaimer

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Scheme Advisory Board

Guidance for the 2019 Valuation in respect of cost cap process and the McCloud and Sargeant age discrimination case (McCloud)

1. The Local Government Pension Scheme Advisory Board (SAB) is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113.
2. The purpose of the Board is to be both reactive and proactive. It will seek to encourage best practice, increase transparency and coordinate technical and standards issues.
3. It will consider items passed to it from the Ministry for Housing, Communities and Local Government (MHCLG), the Board's sub-committees and other stakeholders as well as items formulated within the Board. Recommendations may be passed to the MHCLG or other bodies. It is also likely that it will have a liaison role with the Pensions Regulator. Guidance and standards may be formulated for local scheme managers and pension boards.
4. This guidance is published under Regulation 110 (3) *The Local Government Pension Scheme Advisory Board also has the function of providing advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme and any connected scheme and their pension funds*

Purpose of this guidance

5. Due to the pause of the cost cap process (both HMT and SAB) and the uncertain outcome of the McCloud case there is a scheme liability which is unknown in both scale and timing. A survey of administering authorities undertaken by the SAB in February and March 2019 indicated very strong support for SAB guidance on the approach to be taken with regard to this liability in the 2019 valuation process.

Cost Cap

6. Both the HM Treasury employer cost cap and the SAB cost management process are currently paused pending the outcome of McCloud. At the time of pausing a package of improvements costed at an average of 0.9% of payroll had been recommended. Depending on the profile of the membership of individual LGPS employers the impact on contributions could have varied widely.
7. Depending on the McCloud judgement and the cost of any remedy the following outcomes will be possible.
 - The proposed changes to the scheme as a result of the cost cap will be unnecessary, (should the remedial actions proposed by the Employment Tribunal to address the McCloud judgement match or exceed the costs of benefit improvements required under the cost cap or;
 - Should the McCloud judgement not stand, the cost cap changes will need to be reviewed to allow the impact to be backdated to 1 April 2019 in line with Government commitments or;
 - Should any McCloud remedy cost less than cost cap then further changes to the scheme may be required backdated to 1st April 2019

Scheme Advisory Board

McCloud

8. Both the timing and the outcome of the age discrimination case McCloud and Sargeant are currently unknown. The potential impact on all public service pension schemes is significant should the 2018 Court of Appeal's finding that protections for those within 10 years of retirement are unlawful be upheld. If, however, the finding is not upheld then the cost cap process will restart.
9. More information on the McCloud case can be found on the Cost Management page of the SAB website <http://www.lgpsboard.org/index.php/structure-reform/cost-management>

Proposed approach to the valuation

10. Given the unknown nature in the scale and timing of any impact on liabilities as a result of Cost Cap and McCloud the following approach to the 2019 valuation is advised; That -
 - I. If there is no finalised outcome on Cost cap/McCloud (in the form of a formal notification by MHCLG to administering authorities including a commitment by government to detailed benefit changes) by 31st August 2019 then the scheme benefit design used in the valuation should be as set out in current regulations.
 - II. In setting employer contributions for 2020 each administering authority should, with their Actuary, consider how they approach (and reflect in their Funding Strategy Statement) the risk and potential extra costs around this matter in the same way as they would for other financial, employer and demographic risks. This should be to allow employers to be aware of and make provision for the potential cost even though any additional contributions may not commence until after the outcome is known.
 - III. Once the outcome of Cost cap/McCloud is known and appropriate benefit changes are made, administering authorities should re-visit employer contributions under such statutory guidance or provision in regulation as may be available at that time. Authorities are referred to the proposals for interim valuations and revisiting employer contributions in the consultation entitled Local Government Pension Scheme: Changes to the Local Valuation Cycle and the Management of Employer Risk published 8th May 2019 <https://www.gov.uk/government/consultations/local-government-pension-scheme-changes-to-the-local-valuation-cycle-and-management-of-employer-risk>
 - IV. At present the impact on exit payments and credits is unknown. Therefore authorities should take account of regulatory requirements, FSS provisions and discuss the approach to be taken with their actuaries. It may be for example that for some employers any impact from either McCloud or Cost Cap would be immaterial and therefore no change to calculations is required. For others it may be that a level of prudence could be included in calculations to ensure that the fund is not adversely affected by the outcome of this process. Authorities are referred to the proposed changes to exit credits in the consultation entitled Local Government Pension Scheme: Changes to the Local Valuation Cycle and the Management of Employer Risk published 8th May 2019.

Scheme Advisory Board

- V. In order to provide some assistance for authorities in assessing the potential impact of McCloud the SAB have commissioned GAD to estimate both an overall scheme McCloud cost and a 'worst case' McCloud scenario on a range of pay assumptions. These figures will be published on the SAB website as soon they become available.

Accounting provision

11. CIPFA have provided a separate note on accounting for McCloud/Cost Cap which can be found at <https://www.cipfa.org/services/networks/pensions-network/documents-and-guidance/mccloud-briefing-note>

SAB Secretariat
14.5.2019

Contact jeff.houston@local.gov.uk or robert.holloway@local.gov.uk or liam.robson@local.gov.uk

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Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 182 – March 2019

This Bulletin sets out the rates and bands applicable from April 2019 for various purposes. Please contact [Rachel Abbey](#) with any comments on the contents of this Bulletin. LGPC contacts can be found at the end of this Bulletin.

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LGPS contribution bands and employee contribution rates – England and Wales

The table below shows the pay ranges and corresponding employee contribution rates that apply to the LGPS in England and Wales from 1 April 2019.

Contribution table 2019/20			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,400	5.50%	2.75%
2	£14,401 to £22,500	5.80%	2.90%
3	£22,501 to £36,500	6.50%	3.25%
4	£36,501 to £46,200	6.80%	3.40%
5	£46,201 to £64,600	8.50%	4.25%
6	£64,601 to £91,500	9.90%	4.95%
7	£91,501 to £107,700	10.50%	5.25%
8	£107,701 to £161,500	11.40%	5.70%
9	£161,501 or more	12.50%	6.25%

Unless the process for allocating the appropriate contribution rate has been automated on the payroll system, employers must determine the appropriate employee contribution rate for each employee from 1 April 2019 and notify this to payroll. Any reductions in pensionable pay due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded in determining the appropriate contribution rate.

Information on allocating employees to a band each April and on varying, during the course of a Scheme year, the band to which an employee is allocated can be found in section 10 of the HR Guide and in section 5.1 of the Payroll Guide, both of which can be found on the [guides and sample documents](http://www.lgpsregs.org) page of www.lgpsregs.org.

LGPS contribution bands and employee contribution rates – Scotland

The contribution rates applicable to specified pay bands are set out in [statutory guidance](#) issued by Scottish Ministers. The following pay ranges and employee contribution rates apply to the LGPS in Scotland from 1 April 2019.

Contribution rate	Actual Pay Min	Actual Pay Max	Contribution rate	Actual Pay Min	Actual Pay Max
5.50%	Up to	22,441	8.40%	63,048	64,823
5.60%	22,442	23,843	8.50%	64,824	66,702
5.70%	23,844	25,433	8.60%	66,703	68,694
5.80%	25,434	26,990	8.70%	68,695	70,807
5.90%	26,991	28,049	8.80%	70,808	73,055
6.00%	28,050	29,193	8.90%	73,056	75,450
6.10%	29,194	30,436	9.00%	75,451	78,008
6.20%	30,437	31,788	9.10%	78,009	80,745
6.30%	31,789	33,267	9.20%	80,746	83,681
6.40%	33,268	34,890	9.30%	83,682	86,839
6.50%	34,891	36,652	9.40%	86,840	90,245
6.60%	36,653	37,938	9.50%	90,246	93,928
6.70%	37,939	39,318	9.60%	93,929	97,925
6.80%	39,319	40,801	9.70%	97,926	102,277
6.90%	40,802	42,401	9.80%	102,278	107,034
7.00%	42,402	44,132	9.90%	107,035	112,256
7.10%	44,133	46,010	10.00%	112,257	118,012
7.20%	46,011	48,055	10.10%	118,013	124,391
7.30%	48,056	49,489	10.20%	124,392	131,500
7.40%	49,490	50,576	10.30%	131,501	139,469
7.50%	50,577	51,713	10.40%	139,470	148,467
7.60%	51,714	52,902	10.50%	148,468	158,706
7.70%	52,903	54,147	10.60%	158,707	170,462
7.80%	54,148	55,451	10.70%	170,463	184,100
7.90%	55,452	56,820	10.80%	184,101	200,108
8.00%	56,821	58,259	10.90%	200,109	219,166
8.10%	58,260	59,772	11.00%	219,167	242,236
8.20%	59,773	61,366	11.10%	242,237	270,735
8.30%	61,367	63,047	11.20%	270,736	and above*

Note: For members in the 50/50 section divide the appropriate rate by 2

* Contribution rates will increase beyond 11.2% of pay for higher salaries, but SPPA were not asked to provide bands above 11.2%.

Unless the process for allocating the appropriate contribution rate has been automated on the payroll system, employers must determine the appropriate employee contribution rate for each employee from 1 April 2019 and notify this to payroll. Any reductions in pensionable pay due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when determining the appropriate contribution rate.

Information on allocating employees to a band each April and on varying, during the course of a Scheme year, the band to which an employee is allocated can be found in section 10 of the HR Guide and in section 5.1 of the Payroll Guide both of which can be found on the [guides and sample documents](#) page of www.scotlgpsregs.org.

LGPS additional pension purchase limit for 2019/20 in England and Wales

Regulations 16(6) and 31(2) of the LGPS Regulations 2013 state that the additional pension limit is increased on 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied.

The pensions increase due on 1 April 2019 is that from 9 April 2018 (since the 2019 PI date is 8 April 2019) and so the current additional pension limit of £6,822 is increased by 3% to £7,026 from 1 April 2019.

LGPS additional pension purchase limit for 2019/20 in Scotland

Regulations 16(6) and 30(2) of the LGPS (Scotland) Regulations 2018 state that the additional pension limit is increased on 1 April each year as if it were a pension beginning on 1 April 2015 to which the Pensions (Increase) Act 1971 applied.

The pensions increase due on 1 April 2019 is that from 9 April 2018 (since the 2019 PI date is 8 April 2019) and so the current additional pension limit of £6,565 is increased by 3% to £6,761 from 1 April 2019.

Annual Allowance and Lifetime Allowance limits applicable from 6 April 2019

[The Finance Act 2004 \(Standard Lifetime Allowance\) Regulations 2019 \[SI 2019/29\]](#) amends the Lifetime Allowance limit to £1,055,000 with effect from 6 April 2019.

The Annual Allowance, as defined by the Finance Act 2004 (as amended), remains unchanged at £40,000 for 2019/20.

Automatic enrolment earnings bands

All employers will need to be aware of the earnings bands applicable for 2019/20 for the purposes of the automatic enrolment provisions under the Pensions Act 2008. These are contained [The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2019 \[SI 2019/374\]](#) and are reflected in the following tables. It should be noted that the earnings trigger of £10,000 for 2019/20 is unchanged since the 2015/16 year.

2019/20 <i>Earnings</i> **	Age	16 - 21	22 - <SPA*	SPA* - <75
Under lower earnings threshold (£6,136***)		<i>Entitled worker</i>		
Between £6,136*** and £10,000		<i>Non-eligible jobholder</i>		
Over earnings trigger for automatic enrolment (£10,000)		<i>Non-eligible jobholder</i>	<i>Eligible jobholder</i>	<i>Non-eligible jobholder</i>
* <i>State Pension Age</i> ** <i>Earnings</i> : separate contracts treated separately *** To align with National Insurance contributions lower earnings limit				

Pay reference period	Lower earnings threshold pa	Earnings trigger for automatic enrolment
Annual	£6,136.00	£10,000.00
6 months	£3,068.00	£4,998.00
3 months	£1,534.00	£2,499.00
1 month	£512.00	£833.00
4 weeks	£472.00	£768.00
2 weeks	£236.00	£384.00
1 week	£118.00	£192.00

National Insurance thresholds

The relevant NI limits and thresholds for 2019/20, as set out in [The Social Security \(Contributions\)\(Rates, Limits and Thresholds Amendments and National Insurance Funds Payments\) Regulations 2019 \[SI 2019/262\]](#) are shown in the following tables and take effect from 6 April 2019.

Class 1 National Insurance thresholds

Class 1 National Insurance thresholds	2019 to 2020
LEL	£118 per week £512 per month £6,136 per year
Primary Threshold (PT)	£166 per week £719 per month £8,632 per year
Secondary Threshold (ST)	£166 per week £719 per month £8,632 per year
Upper Secondary Threshold (under 21) (UST)	£962 per week £4,167 per month £50,000 per year
Apprentice Upper Secondary Threshold (apprentice under 25) (AUST)	£962 per week £4,167 per month £50,000 per year
Upper Earnings Limit (UEL)	£962 per week £4,167 per month £50,000 per year

Class 1 National Insurance rates

Employee (primary) contribution rates

National Insurance category letter	Earnings at or above LEL up to and including PT	Earnings above the PT up to and including UEL	Balance of earnings above UEL
A	0%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil
H (Apprentice under 25)	0%	12%	2%
J	0%	2%	2%
M (under 21)	0%	12%	2%
Z (under 21 - deferment)	0%	2%	2%

Employer (secondary) contribution rates

National Insurance category letter	Earnings at or above LEL up to and including ST	Earnings above ST up to and including UEL/UST/AUST	Balance of earnings above UEL/UST/AUST
A	0%	13.80%	13.80%
B	0%	13.80%	13.80%
C	0%	13.80%	13.80%
H (Apprentice under 25)	0%	0%	13.80%
J	0%	13.80%	13.80%
M (under 21)	0%	0%	13.80%
Z (under 21 - deferment)	0%	0%	13.80%

Annual Revaluation Order

LGPS administering authorities should note that the full year increase to be applied at one second after midnight on 31 March 2019 to the career average pension earned up to 31 March 2019 is 2.4%. This is set out in [The Public Service Pensions Revaluation Order 2019 \[SI 2019/455\]](#), which can be viewed on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

Annual Pensions Increase

LGPS administering authorities and those employers who pay their own annual compensation benefits (relating to an historical award of compensatory added years) should note that the increase to be applied from 8 April 2019 to a qualifying pension which began (ie has a pensions increase date) before 9 April 2018 will be 2.4%. The percentage, and part year percentages, are detailed in [The Pension Increase \(Review\) Order 2019 \[SI 2019/546\]](#) which, together with the appropriate multiplier tables, can be viewed on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

Retail Prices Index (RPI) Increase

The annual increase that applies to any additional pension purchased under an Additional Regular Contribution contract that commenced between 1 April 2008 and 31 March 2012 is based on RPI in the previous September. The increase that applies on 8 April 2019 is 3.3%.

Annual GMP increase

LGPS administering authorities should note that an increase of 2.4% should be applied:

- From 6 April 2019 to the post 5 April 1988 GMP element of a pension in payment where the individual reached State Pension age (SPa) before 6 April 2016 (assuming additional pension (AP) is not less than GMP), or
- From 6 April 2019 to the post 5 April 1988 GMP element of a pension in payment where the individual reached SPa after 5 April 2016, and
- From 8 April 2019 to the pre 6 April 1988 GMP element of a pension in payment where the individual reached SPa on or after 6 April 2016

This is set out in [The Guaranteed Minimum Pension Increase Order 2019 \[SI 2019/373\]](#) which can be viewed on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

On 4 January 2019 the LGPS Secretariat published a guide titled 'The application of increases to LGPS pensions in payment'. The guide sets out the Secretariat's understanding of how increases are applied to pensions in payment on and after 6 April 2016 and can be found on the [Guides and sample documents page](#) of www.lgpsregs.org.

The Social Security Revaluation of Earnings Factors Order 2019

LGPS administering authorities may wish to note that [The Social Security Revaluation of Earnings Factors Order 2019 \[SI 2019/376\]](#) (ie the earnings factors used to calculate a Scheme member's GMP) comes into force on 6 April 2019. The percentage increase for the tax year 2019/20 is 2.8% and is based on the measure of the increase in the general level of earnings obtaining in Great Britain. The Statutory Instrument may be viewed on:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

Redundancy Payments

[The Employment Rights \(Increase of Limits\) Order 2019 \[SI 2019/324\]](#) comes into force on 6 April 2019. It increases the maximum 'week's pay' for calculating a statutory redundancy payment from £508 per week to £525 per week where the appropriate date falls on or after 6 April 2019. In the case of entitlement to a redundancy payment by virtue of section 135(1)(a) [dismissal by reason of redundancy] or section 135(1)(b) [lay-off or short time] of the Employment Rights Act 1996, the appropriate date means the relevant date as defined by, respectively, sections 145 or 153 of that Act.

Actions for administering authorities

In consequence of some of the items in this Bulletin, administering authorities may wish to update relevant Scheme literature and guides¹ issued to employees and employers participating in their Fund. They may also consider copying this Bulletin to employers in their Fund or bringing the Bulletin to the attention of employers by directing them to:

- the [LGPC Bulletins page](#) of www.lgpsregs.org – LGPS England & Wales, or
- the [LGPC Bulletins page](#) of www.scotlgpsregs.org - LGPS Scotland

Useful Links

[LGA Pensions page](#)

[LGPS members' website](#) – England and Wales

[LGPS 2015 members' website](#) – Scotland

[LGPS Advisory Board website](#) – England and Wales

[LGPS Regulations and Guidance website](#) – England and Wales

[LGPS Regulations and Guidance website](#) – Scotland

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in England and Wales.

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in Scotland.

[Recognised Overseas Pension Schemes](#) approved by HMRC and who agreed to have their details published.

[The Timeline Regulations](#) for Final Salary Scheme

[The Timeline Regulations](#) for Career Average in England and Wales

[The Timeline Regulations](#) for Career Average in Scotland

¹ The standard LGPC leaflets and guides will be updated by the LGPC Secretariat.

Pensions Section Contact Details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pensions advisers will get back to you.

Jeff Houston (Head of Pensions)

Telephone: 0207 187 7346

Email: jeff.houston@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 0207 187 7374

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 020 7664 3172

Email: rachel.abbey@local.gov.uk

Alan South (Pensions Adviser – LGPC Secretariat)

Telephone: 07867 189992

Email: alan.south@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Bob Holloway (Pensions Secretary – LGPS Scheme Advisory Board (E&W))

Telephone: 07919 562847

Email: robert.holloway@local.gov.uk

Liam Robson (Pensions Analyst – LGPS Scheme Advisory Board (E&W))

Telephone: 0207 664 3328

Email: liam.robson@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 0207 187 7344

Email: elaine.english@local.gov.uk

Distribution sheet

Pension managers (internal) of administering authorities

Pension managers (outsourced) and administering authority client managers

Local Government Pensions Committee

Trade unions

CLG

COSLA

SPPA

Regional Directors

Private clients

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Local Government Pension Committee
Local Government Association
18 Smith Square
Westminster
London
SW1P 3HZ
or email: query.lgps@local.gov.uk

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Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 183 – March 2019

Foreword

This bulletin contains a number of important updates for LGPS administering authorities, scheme employers and software providers; whilst also providing a general update for all stakeholders.

Of particular importance are the articles on:

- [Miscellaneous Amendment regulations 2018](#) – deadline for communicating the changes to Scheme members is **9 April 2019**
- [New Club memorandum published](#)
- [Consultation on late retirement guidance](#) (response by **17 April 2019**)

all of which require action by certain stakeholders.

If you have any comments on the contents of this bulletin or wish to suggest items that might be included in future bulletins, please email query.lgps@local.gov.uk.

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[SPPA Circular 1/2019 – Public service pensions indexation and CARE revaluation 2019](#)

[SPPA Circular 2/2019 – tiered contribution rate system](#)

[Increased Pension Entitlement regulations](#)

[SCAPE discount rate – impact on actuarial guidance – update](#)

HMRC

[Pension schemes newsletter 107](#)

[Countdown bulletins 43 & 44](#)

[HMRC workshops on the Manage and Register Pension Schemes service](#)

DWP

[DWP launches midlife MOT website](#)

Other news and updates

[Annual update bulletin](#)

[Revised Club memorandum published – effective from 1 April 2019](#)

[Technical Group minutes published](#)

[LGPC Subscriptions](#)

[The Financial Guidance and Claims Act \(Naming and Consequential Amendments\) Regulations 2019](#)

[NI database updates](#)

[Supplementary PI on death grants](#)

[Pension Scheme for the Education Sector website](#)

Training

[Fundamentals training](#)

[Governance Conference 23 – 24 January 2020](#)

Wider landscape

[Aon and CIPFA publish guide on LGPS administration](#)

[PASA data quality guidance published](#)

[FRC to be replaced by more powerful regulator](#)

Legislation

Useful links

LGPS pensions section contact details

LGPS Scheme Advisory Board (SAB) England & Wales

Valuation 2019

In [bulletin 181](#) published in February 2019 we reported that administering authorities had been asked to inform the SAB about their preference concerning the approach to the 2019 valuation. Specifically, whether they would prefer to receive guidance from the SAB on how McCloud / cost management should be taken account of in the 2019 valuation or if they would prefer to determine their own approach, taking advice from their actuarial adviser.

Thank you to those administering authorities that responded. Around 70 responses were received, with the significant majority expressing a preference to receive central guidance and work has now begun to produce that guidance.

LGPS England & Wales

SCAPE discount rate – impact on actuarial guidance – update

Further to updates in bulletins [178](#) and [181](#) issued in November 2018 and February 2019 respectively, on 15 March 2019 Lorraine Bennett emailed administering authorities confirming that MHCLG had issued revised factors, **effective from 1 April 2019** for:

- Additional pensions for elections before 1 April 2012
- Additional pensions for elections between 1 April 2012 and 31 March 2014

These factors are included in the actuarial guidance excel spreadsheet on worksheets x-701 to x-708.

New guidance notes and factors, **effective from 1 April 2019** were published for:

- Additional pension where the election is after 31 March 2014 – note the new methodology
- Application of a pension credit to the former spouse or civil partner of a post 2014 member – note the new methodology

The guidance contains the factors but these can also be found in the actuarial guidance excel spreadsheet on worksheets x-711 to x-720 and x-309 respectively.

Lorraine Bennett subsequently emailed administering authorities on 20 March 2019 to inform them that the [transitional arrangements table](#) had been updated to take account of the release of these factors.

The guidance, factor spreadsheet, transitional arrangements table and covering letter from MHCLG concerning pre 2014 additional pension contracts can be found on the [Actuarial guidance](#) page of www.lgpsregs.org.

We are in the process of updating the [additional pension calculator](#) and expect the updates to be completed before 1 April 2019.

Action for administering authorities

Administering authorities will need to:

- Identify ongoing additional pension contracts which have an end date after 31 March 2019
- Calculate revised contributions due based on the factors published in March 2019
- Inform the scheme employer and/or payroll provider of the revised additional contributions payable from 1 April 2019
- Consider what information to send to Scheme members. Although members should have been informed that the cost of purchasing additional pension may be revised at any time (where regular contributions are paid) at the time the contract started, in our view it would be good practice to inform Scheme members of the revised contributions payable from 1 April 2019.

A number of small errors have been identified in the factors spreadsheet which will be corrected when it is next updated. These are:

- Cell A3 has not been populated with the 'name' of the factsheet on tabs x-211, x-213 and x-701 to x-708
- On the 'Factor list' tab, in rows 56 and 57 the 'Description' states that these factors are to be used for 'Additional pension – lump sum contributions – Males / Females below NPA (purchase of additional pension after 1 April 2014)' but these factors apply to members purchasing additional pension **both below and above their NPA**
- Similarly row 10 of tabs x-711 and x-712 also refer to Males and Females below NPA, but these factors apply both above and below NPA.

Please also read the article on the publication of the [revised Club memorandum](#) which appears later in this bulletin.

Bulletin 180 updated

On 4 March 2019 Lorraine Bennett emailed administering authorities to let them know that a [revised version of bulletin 180](#) has been published on the [LGPC bulletins](#) page of www.lgpsregs.org.

Bulletin 180 provides a commentary for LGPS administering authorities in England and Wales on the changes made by the Local Government Pension Scheme (Miscellaneous Amendment) Regulations 2018 [SI2018/1366]. The updated version reflects our latest thinking on the survivor benefits that will be affected by the recent regulation changes.

LGA and CWG publish member leaflet on LGPS (Miscellaneous Amendment) Regulations 2018

The LGPC Secretariat, in conjunction with the national Communications Working Group, has produced a leaflet to assist administering authorities when communicating the material changes to the Scheme made by the LGPS (Miscellaneous Amendment) Regulations 2018 [SI2018/1366] to members.

Lorraine Bennett sent an email to LGPS administering authorities on 10 March 2019 to inform them about the publication of this leaflet which can be found on the [Guides and sample documents page](#) of www.lgpsregs.org.

Action for administering authorities

Administering authorities must communicate to members the material changes to the Scheme that were made by the LGPS (Miscellaneous Amendment) Regulations 2018.

Communication of the changes should take place as soon as possible and, in accordance with regulation 8 and Part 1 of Schedule 2 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, within three months of the date the changes took effect ie **by 9 April 2019**.

Aggregation and concurrent employments

Following on from the article in [bulletin 179](#) regarding LGPS Scotland we now have an update regarding LGPS England & Wales.

As a result of the discussion that took place at the Technical Group meeting on 11 December 2018, Jayne Wiberg approached MHCLG on 13 December 2018 to seek a view on how LGPS administering authorities in England and Wales should proceed with the 'problem' cases ie instances of concurrent employment where the terminating post commenced before 1 April 2014 and ends after 31 March 2014 **and** the ongoing post commenced after 31 March 2014.

MHCLG confirmed on 6 March 2019 that they would be open to a request for regulatory amendment from the SAB to bring the regulations into line with the pre April 2014 position, and the Scottish position. Inclusion in a consultation would be subject to ministerial approval.

The National Technical Group have made a recommendation to SAB to request a change to the regulations to replicate the position that applies if membership in both the ongoing and the terminated posts started before 1 April 2014, ie the change would mean that when a terminated post is aggregated with an ongoing concurrent employment which started after 31 March 2014, administrators are required to apply a concurrent adjustment to the pre 1 April 2014 final salary membership in the terminated post.

Direction templates

On 26 February 2019 Lorraine Bennett contacted LGPS administering authorities to let them know that the Direction template documents (for scheme employers looking to substitute administering authorities) have been updated by MHCLG. Updated versions can be found on the [Other Government documents](#) page of www.lgpsregs.org.

MHCLG have confirmed that these documents can be used by any type of employer, however the Direction template still contains some references to colleges. A revised version of the Direction template will be made available once these references have been removed.

Consultation on implementation of late retirement factors

On 28 March 2019 Rachel Abbey contacted LGPS administering authorities to let them know that MHCLG are conducting a consultation on proposed changes to the late retirement increase factors and guidance.

The consultation document, draft guidance and examples can be found on the [Scheme consultations page](#) of www.lgpsregs.org. The proposals include a change in methodology as well as a change in factors which is intended to remove the 'cliff edge' that was the result of the last factor change in January 2017 for some members.

Please note that that this short consultation will close at **4pm on Wednesday 17 April 2019**. Responses to the consultation should be sent to lgpensions@communities.gov.uk and marked for the attention of Thahira Khatun.

Fair Deal consultation

As reported in [bulletin 181](#), the MHCLG consultation on '[Fair deal – strengthening pension protection](#)' in the LGPS will close on 4 April 2019.

At their meeting on 8 March 2019, the national LGPS Technical Group agreed [a response](#) to the consultation which has been prepared by a sub-group. The response was submitted to MHCLG on 13 March 2019.

Below is an extract from the Technical Group's response to Q5 of the consultation:

'[Technical Group] very strongly emphasise the success of deemed employers falls on to the contractual arrangements between the Fair Deal employer and the contractor. Administering authorities must not be responsible for the contractual arrangements.'

Administering authorities who support this view may wish to include similar wording when they issue their local responses to the consultation.

The LGPC will be responding to the consultation early next week.

Local Government re-organisation

As part of Local Government re-organisation, the 15 authorities below will cease to exist and they will be combined into five new councils on 1 April 2019 - three districts and two unitary authorities:

- Suffolk Coastal District Council and Waveney District Council will become **East Suffolk District Council**
- Forest Heath District Council and St Edmundsbury Borough Council will become **West Suffolk District Council**
- West Somerset District Council and Taunton Deane Borough Council will become **Somerset West and Taunton District Council**
- Poole Borough Council, Bournemouth Borough Council and Christchurch Borough Council will become **Bournemouth, Christchurch and Pool Council (Unitary)**

- North Dorset District Council, West Dorset District Council, Weymouth and Portland District Council, Purbeck District Council, East Dorset District Council and Dorset County Council will become **Dorset Council (Unitary)**.

LGPS Scotland

SPPA Circular 1/2019 – Public service pensions indexation and CARE revaluation 2019

On 25 February 2019 SPPA published [Circular 1/2019](#) on their website. The purpose of this circular is to notify stakeholders of the increases to public service pensions with effect from 8 April 2019 and advise that the rate to be used to revalue Career Average Revalued Earnings (CARE) benefits accrued in the 2015 Local Government Pension Scheme (Scotland) is 2.4%, effective from 1 April 2019.

This circular should be brought to the attention of pension managers, pension administrators, pension payroll providers and scheme employers. Administering authorities may also wish to draw it to the attention of Directors of Finance and Administration. The circular has also been published on the [SPPA circulars and guidance page](#) of www.scotlgpsregs.org.

SPPA Circular 2/2019 – tiered contribution rate system

On 19 March 2019 SPPA published [Circular 2/2019](#) on their website. The purpose of this circular is to notify all interested parties of the release of version 13 of the guidance on the tiered contribution rate system for the Local Government Pension Scheme in Scotland.

Under the Local Government Pension Scheme (Scotland) Regulations 2018, the earnings ranges used to determine contribution rates are to be increased each year by any increase applied to pensions under the Pensions (Increase) Act 1971. The tables have been updated to show salary bands updated by the Consumer Prices Index (CPI) increase for 2019 of 2.4%. The circular has been published on the [SPPA circulars and guidance page](#) of www.scotlgpsregs.org.

Increased Pension Entitlement regulations

In [bulletin 167](#) issued in February 2018 we reported that Scottish Ministers had decided the approach to take in relation to overpayments identified as part of the contracted-out reconciliation exercise. Specifically, that any LGPS pension in payment should not be reduced and that the GMP-related overpayment should be converted into an ‘increased pension entitlement’.

On 20 February 2019 Kimberley Linge (SPPA) contacted LGPS administering authorities in Scotland to let them know that the publication of the ‘Increased Pension Entitlement’ regulations has been delayed due to legislative pressures, but that they are expected to be laid on 23 May 2019.

SCAPE discount rate – impact on actuarial guidance – update

Roddy MacLeod (SPPA) emailed administering authorities on 26 March 2019 with an update on the LGPS factor review. His email confirmed that a ‘2019’ section has

been added to the [SPPA website](#) where a link to the latest GAD spreadsheet containing the amended factors can be found.

The spreadsheet has been updated and now includes updated factors for non-club transfers in and out, pensioner CETV on divorce, pension credits, reduction to pension debits on early retirement, early retirement, trivial commutation, club transfer factors, added pension factors and an updated CRA conversion table.

The factor spreadsheet is also available on the [Actuarial guidance page](#) of www.scotlpsregs.org.

Please also read the article on the publication of the [revised Club memorandum](#) which appears later in this bulletin.

HMRC

Pension schemes newsletter 107

On 27 February 2019, HMRC published [pension schemes newsletter 107](#) which includes articles on:

- Relief at source
- Master Trusts – The closing date for applications for authorisation is 31 March 2019
- Reporting non-taxable death benefits
- Managing Pension Schemes – registering as a scheme administrator

Countdown bulletins 43 & 44

On 1 March 2019 and 5 March 2019 HMRC published countdown bulletins [43](#) and [44](#) respectively which include articles on:

- Pension Scheme Administrator (PSA) queries – deadline for submission of queries has passed. PSA queries should now be sent to the Customer Relationship Team at CRM.schemereconciliationservice@hmrc.gsi.gov.uk
- PSA guidance about the end of contracting out
- SRS process improvements
- Contracted-out statements – the GMP checker can be used to check member GMP amounts and so HMRC will stop sending paper GMP statements from April 2019 with the exception of CA1629 (statement of pension liability issued to the scheme when a claim to State Retirement pension has been processed) and RD614 (AP less than GMP notification)
- Scheme financial reconciliation update – there has been a change to the timetable set out in [Countdown bulletin 42](#). If a scheme is in deficit HMRC now expect to write to scheme administrators in the week commencing 1 April 2019. The deadline for payment is unchanged at 21 May 2019. For schemes with a deficit of more than £1000, HMRC will write off debt that was raised before 4 March 2013.

HMRC workshops on the Manage and Register Pension Schemes service

In [Bulletin 181](#) we informed administering authorities that HMRC would be holding workshops on the Manage and Register Pension Schemes service on 27 and 28 February 2019.

The slides from the workshop are attached to this bulletin as [Appendix 1](#).

DWP

DWP launches midlife MOT website

The DWP, working in partnership with Public Health England, the Money Advice Service (MAS) and the National Careers Service, has launched a [mid-life MOT web portal](#) to provide workers with advice on their pensions, working options and health.

The website allows workers to check their state pension entitlement and provides links to financial advice services and guidance produced by TPAS, MAS and Pension Wise.

In addition to the mid-life MOT website for individuals, DWP, in association with Business in the Community, has also produced [a guide](#) for smaller companies on how they can provide mid-life MOTs for their staff.

Other news and updates

Annual update bulletin

On 22 March 2019 we published [bulletin 182](#) which contains the annual updates for 2019/20. Member and councillor guides and factsheets, along with the member website for England and Wales will be updated in the coming weeks to reflect these annual changes in addition to the changes brought about by the Local Government Pension Scheme (Miscellaneous Amendment) Regulations 2018 [SI2018/1366].

Revised Club memorandum published – effective from 1 April 2019

In March 2019 a revised version of the Club Memorandum, including new Club transfer factors, was published. The new Club Memorandum has been published on:

- the [Other Government documents](#) page of www.lgpsregs.org and
- the [Other Government documents](#) page of www.scotlgpsregs.org

MHCLG will update the actuarial factor spreadsheet for England and Wales to include the new Club factors before 1 April 2019. The update will also include a revision to the CRA factors.

The new Club memorandum is effective from 1 April 2019 and LGPS administering authorities should follow the new Club Memorandum from this date.

In addition to the change in factors, the main changes to the Club Memorandum are:

- The transfer values of final salary benefits built up before and after the end of contracting out, ie up to 5 April 2016 and from 6 April 2016 must be provided when a sending scheme is supplies a Club transfer value calculation (if the member built up final salary benefits before and after the end of contracting out)
- The transfer values of CARE benefits built up before and after the end of contracting out ie up to 5 April 2016 and from 6 April 2016 must be provided when a sending scheme supplies a Club transfer value calculation (if the member built up CARE benefits before and after the end of contracting out)
- A separate transfer value of CARE benefits must be supplied if the member previously had an inner Club transfer of CARE benefits into the sending scheme which is subject to a different in-scheme revaluation rate than the sending scheme. (And that transfer value must also be split between CARE benefits built up pre and post contracting out, if applicable)
- The requirement to perform separate transfer in calculations based on the transfer value of the member's:
 - pre 6 April 1997 final salary benefits
 - final salary benefits built up between 6 April 1997 and 5 April 2016
 - final salary benefits built up from 6 April 2016
 - CARE benefits built up in the sending scheme before 6 April 2016
 - CARE benefits built up in the sending scheme from 6 April 2016
 - CARE benefits transferred into the sending scheme from a scheme which is subject to a different in-scheme revaluation rate than the sending scheme (split between CARE benefits built up before and after the end of contracting-out, if applicable)
- The method of interpolation that should be used for members with NPAs that do not fall on their birthday is defined.

We advise that LGPS administering authorities and user groups contact their software suppliers to ensure that these requirements can be met. We would draw your attention in particular to pages 9 and 10 of the Club memorandum which set out the information that must be provided by the sending scheme to the new scheme.

The LGPC Secretariat will consider the new Club memorandum in more detail in the coming weeks assess whether there is a need to provide further clarifying notes to assist administering authorities process Club transfers.

Technical Group minutes published

The [minutes](#) of the meeting held on 8 March 2019 are now available on www.lgpsregs.org and www.scotlgpsregs.org. Items of importance include:

- The group agreed to make a formal request to the Scheme Advisory Board (SAB) to request a change to the regulations that cover concurrent employments – see the [main article](#) covering this topic earlier in this bulletin. This formal request was made to the SAB on 12 March 2019.
- Terry Edwards and Tim Hazlewood presented PENTAG – a comprehensive online guide to the LGPS which was positively received. A majority of funds in England and Wales would need to support the purchase of this product as

a 'bulk' arrangement. PENTAG have contacted Chairs of POGs to arrange to present at meetings over the summer with a view to POG representatives making a recommendation at the Technical Group meeting on 20 September 2019.

- A subgroup have prepared [a response](#) to the MHCLG consultation on Fair Deal. The group approved the response which was subsequently sent to MHCLG on 13 March 2019.
- Technical Group agreed to contact the SAB to recommend a change in regulations to remove the requirement to pay a refund 5 years after membership ended. This request was made to the SAB on 12 March 2019.
- MHCLG responded to a query raised at the meeting to confirm that, when an academy moved between proprietors (from one trust to another) then the new trust takes on all the liabilities that the previous trust was responsible for – the liabilities of active, deferred and pensioner members.

LGPC Subscriptions

The LGPC has a number of outstanding invoices for LGPC subscriptions and a significant amount of time is being used by the team to chase these payments. We request that administering authorities check their records and make any outstanding payments as soon as possible so that our resources can be more productively deployed.

The Financial Guidance and Claims Act (Naming and Consequential Amendments) Regulations 2019

The Financial Guidance and Claims Act (Naming and Consequential Amendments) Regulations 2019 [SI 2019/383] replaces various references to the Pensions Advisory Service in the LGPS regulations with references to the 'Money and Pensions Service' (formerly the Single Financial Guidance Body). The SI comes into effect on 6 April 2019 (although the company (ie the Money and Pensions Service) is established on 1 April 2019).

The Single Financial Guidance Body (SFGB), established under section 1(1) of the 2018 Act, is re-named the Money and Pensions Service. The SI amends over-riding legislation (primary and secondary). The LGPS regulations listed below are amended from 6 April 2019 by replacing the SFGB / TPAS with 'the Money and Pensions Service':

- regulation 12(3) of Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 [SI 2001/2954]
- regulations 75(3)(e) and 77(3)(d) and (f) of the Local Government Pension Scheme Regulations 2013 [SI 2013/2356]
- Pension Scheme Regulations (Northern Ireland) 2014 [SR 2014/188]
- Regulations 70(3)(e) and 72(3)(e) of the Local Government Pension Scheme (Scotland) Regulations 2018 [SSI 2018/141]

The timeline regulations pages on www.lgpsregs.org have been updated to incorporate these changes. The corresponding pages of www.scotlgpsregs.org will be updated in the week commencing 1 April 2019.

NI database updates

Last September, all administering authorities were asked for their agreement to extend the uses of the NI Database so that it can be used for purposes other than death grants. All but two funds agreed to this change and so this will proceed.

Legal advice is being sought to make the necessary changes to the current Information Sharing Agreement (ISA). Once updated, every fund will be asked to sign the new ISA.

Changes are also being made to the database itself to provide that:

- Scottish administering authorities cannot see English and Welsh data (and vice versa)
- In order to provide an audit trail and ensure that data can only be seen by those with a legitimate need to use the database, each administering authority will be provided with access, as below:
 - one master user - who will have full functionality including being able to set up users and change passwords
 - two super users who will be able upload data and view the database
 - up to five admin users who will have view-only access
- Administering authorities will only be able to view the database if they have uploaded data in the last 90 days.
- Weekly reminders will be sent to administering authorities who have not uploaded data for 30 days or more
- Each month an email will be sent to all administering authorities reminding them of the date of the monthly upload to DWP (the second Monday of each month) for the Tell Us Once facility.

Supplementary PI on death grants

In [bulletin 181](#) we included a brief article which confirmed that supplementary PI is payable on the total lump sum derived from a deferred benefit brought into payment. We have since received a query concerning whether supplementary PI is payable on death grants.

It is our understanding that supplementary PI is payable when a death grant is paid in respect of a deferred member. The [Pensions Increase Act 1971](#) says:

9 Gratuities and lump sums

(1) References in this Act to a pension shall not apply to any payment made by way only of a return of contributions, with or without interest (or any money purchase benefits); but, subject to that, this Act shall apply in relation to any allowance, benefit or compensation whether it takes the form of periodical payments or of a gratuity or other lump sum.

(2) In relation to a lump sum—

(a) references to the time when a pension begins shall apply in accordance with section 8(2) above as in the case of a pension taking the form of periodical payments; and

- (b) references to increasing a pension in respect of a period beginning at any time shall have effect as references to increasing any sum becoming payable at or after that time on account of the lump sum or any instalment of it; and
- (c) references to the rate of a pension shall have effect as references to the amount of the lump sum or an instalment of it, as the case may require.

The death grant paid from the LGPS is a defined benefit lump sum death benefit (under section 168 of the Finance Act 2004) so would fall under section 9(1) of the PI Order 1971, which means supplementary PI is payable.

Pension Scheme for the Education Sector website

TPT Retirement Solutions have introduced a defined benefit scheme called the [Pension Scheme for the Education Sector](#). We understand the scheme is primarily aimed at independent schools due to the increase in employer contributions planned for the Teachers’ Pension Scheme. However, we have contacted TPT Retirement Solutions to raise our concerns that the website is advertising that the scheme is open to schools, colleges and academies – it makes no mention of the fact that most schools, colleges and academies must, by law, contractually enrol their non-teaching staff into the LGPS.

LGPS administering authorities may wish to take the opportunity to remind their schools, colleges and academies of this statutory obligation to avoid any confusion.

Training

Fundamentals training

We are pleased to confirm that our ‘Fundamentals’ training programme will be held at three locations towards the end of the year. This bespoke LGPS training course is aimed at elected members and others who attend pension committees and local pension boards. It provides members of pension committees and local pension boards with the knowledge and skills to enable them to carry out their duties effectively.

Fundamentals is a three day course with identical material being delivered at each of the three locations. 2019 dates and venues are confirmed as:

Day 1	London	LGA Offices, 18 Smith Square	3 October 2019
	Leeds	Marriott Hotel	17 October 2019
	Cardiff	Marriott Hotel	31 October 2019
Day 2	London	LGA Offices, 18 Smith Square	6 November 2019
	Leeds	Marriott Hotel	14 November 2019
	Cardiff	Marriott Hotel	21 November 2019
Day 3	Leeds	Marriott Hotel	5 December 2019
	Cardiff	Marriott Hotel	12 December 2019
	London	LGA Offices, 18 Smith Square	18 December 2019

Full details and how to book will be publicised in next our Circular which we aim to issue in April.

Governance Conference 23 – 24 January 2020

Next year's Governance Conference will be held on 23 – 24 January 2020 at the Principal Hotel, York. Full details and booking information will be provided in April/May 2019.

Wider landscape

Aon and CIPFA publish guide on LGPS administration

Aon and the Chartered Institute of Public Finance and Accountancy (CIPFA) have developed a new guide for UK administering authorities. The guide, entitled '[Administration in the LGPS](#)', highlights the importance of effective management and monitoring of administration matters and was published on 11 March 2019.

Catherine Pearce, Senior Public Sector Consultant at Aon, commented: "LGPS administration teams have gone through an unprecedented period of change in the last decade and this is likely to continue. It is important that those tasked with the governance of LGPS pension funds fully understand how to raise the quality and improve the timeliness of their administration."

The guide is attached to this bulletin as [Appendix 2](#).

PASA data quality guidance published

The Pensions Administration Standards Association (PASA) working with ITM has issued [data quality guidance](#) which covers three key areas: assessment of data quality, managing risk and meeting compliance, and impact assessment.

FRC to be replaced by more powerful regulator

The accounting watchdog will be scrapped in favour of a stronger regulator with powers to issue harsher penalties and investigate company directors. Business Secretary Greg Clark said the Government would follow the recommendations of a review of the Financial Reporting Council (FRC) last year by Sir John Kingman.

The new Audit, Reporting and Governance Authority will be accountable to Parliament and will be run by a new board, recruitment of which will begin immediately.

The Department for Business, Energy & Industrial Strategy has published [a consultation](#) seeking views on the recommendations made by the Kingman review to create a new regulator responsible for audit, corporate reporting and corporate governance.

Legislation

United Kingdom

SI

[2019/383](#)

Reference Title

The Financial Guidance and Claims Act 2018 (Naming and Consequential Amendments) Regulations 2019

Useful links

[LGA Pensions page](#)

[LGPS member website](#) (England and Wales)

[LGPS 2015 member website](#) (Scotland)

[LGPS Advisory Board website](#) (England and Wales)

[LGPS Advisory Board website](#) (Scotland)

[LGPS Regulations and Guidance website](#) (England and Wales)

[LGPS Regulations and Guidance website](#) (Scotland)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

Jeff Houston (Head of Pensions)

Telephone: 0207 187 7346

Email: jeff.houston@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 0207 187 7374

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 020 7664 3172

Email: rachel.abbey@local.gov.uk

Alan South (Pensions Adviser – LGPC Secretariat)

Telephone: 07867 189992

Email: alan.south@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Bob Holloway (Pensions Secretary – LGPS Scheme Advisory Board (E&W))

Telephone: 07919 562847

Email: robert.holloway@local.gov.uk

Liam Robson (Pensions Analyst – LGPS Scheme Advisory Board (E&W))

Telephone: 0207 664 3328

Email: liam.robson@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 0207 187 7344

Email: elaine.english@local.gov.uk

Distribution sheet

Pension managers (internal) of administering authorities

Pension managers (outsourced) and administering authority client managers

Local Government Pensions Committee

Trade unions

MHCLG

COSLA

SPPA

Regional Directors

Private clients

The Pensions Regulator

The Pensions Ombudsman

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Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 184 – April 2019

Foreword

This bulletin contains a number of important updates for LGPS administering authorities, scheme employers and software providers; whilst also providing a general update for all stakeholders.

Of particular importance are the articles on:

- [The CARE Scheme in England and Wales – 5 year anniversary](#)
- [Exit payments cap consultation launched](#)
- [Pensions administration software framework to go ahead](#)

all of which require the attention of certain stakeholders.

If you have any comments on the contents of this bulletin or wish to suggest items that might be included in future bulletins, please contact query.lgps@local.gov.uk.

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LGPS Scheme Advisory Board (SAB) England & Wales

SAB update

The SAB met on 8 April 2019. An update of the matters covered at the meeting can be found on the [Board updates](#) page of www.lgpsboard.org, where you can also find a link to updates published previously. Topics and issues discussed at the April meeting include:

- **Good governance project**
Hymans Robertson updated the Board on progress and next steps
- **Cost cap**
Despite the 'pause' in the cost management process announced by the Government on 30 January 2019, advisory boards of other public sector schemes have made requests to their relevant ministers to continue the cost management process; the possibility of the SAB taking a similar approach was discussed
- **Responsible investment guidance**
The Board agreed that the guidance should be web-based to allow for updates and the inclusion of links to related information
- **2019/20 Budget and workplan** agreed and sent to MHCLG Ministers for consideration and approval.

LGPS England & Wales

SCAPE discount rate – impact on actuarial guidance – update

On 29 March 2019 Lorraine Bennett emailed administering authorities to let them know that a revised version of the factor spreadsheet had been issued by MHCLG. The updated version includes the new club and CRA factors which took effect from 1 April 2019.

On 23 April 2019 Rachel Abbey emailed administering authorities to confirm that the Lifetime Allowance factors had been cleared for use by MHCLG and have effect from 1 April 2019.

The factor spreadsheet, transitional table and covering letter concerning the implementation of the Lifetime allowance factors can be found on the [actuarial guidance page](#) of www.lgpsregs.org.

Fair deal consultation

The MHCLG consultation on '[Fair deal – strengthening pension protection](#)' in the LGPS closed on 4 April 2019. You can view the consultation documents and the response submitted by the LGPC on the [Scheme consultations](#) page of www.lgpsregs.org.

Discretionary policies

On 8 April 2019 Jayne Wiberg contacted administering authorities to inform them that revised versions of the Discretionary policy list and summary (versions 1.8 and 1.10 respectively) have been published. Clean and tracked changes versions can be found on the [Guides and sample documents](#) page of www.lgpsregs.org.

The latest change removes the discretion relating to opted out members accessing their pension benefits under regulation 31(7A) of the LGPS regulations 1997. Such a member is prevented from accessing their pension before they have left employment by virtue of regulation 93(1).

CARE Scheme – Five year anniversary

The CARE Scheme has now been operational in England and Wales for five years. This means that April 2019 is the first month that certain member 'events' will occur.

1. Post 2014 Deferred Refund, member left more than five years ago

As reported in [bulletin 183](#), the National Technical Group has contacted the SAB to request a change in the LGPS Regulations 2013 to remove the requirement for a refund to be paid within five years. Unless and until such a change is made, the rules apply as they stand. The [minutes](#) of the Technical Group meeting held on 28 September 2018 set out the approach agreed by the group and these are summarised in the table overleaf:

Re-joined the LGPS?	Deferred Refund	Other information
No	Paid to member after more than five years – interest only up to five years after leaving	<p>Report to Local Pension Board, pensions committee and include in the breaches register.</p> <p>The refund would be an unauthorised payment if the member is over age 75 and would have to be included in the Event report and tax charges* would be due.</p>
Yes – less than five years after leaving	Deferred refund must be combined with active pension account	
Yes – more than five years after leaving	<p>Paid to member after more than five years – interest only up to five years after leaving.</p> <p>Note – deferred refund cannot be combined with active pension account</p>	<p>Report to Local Pension Board, pensions committee and include in the breaches register.</p> <p>The refund would be an unauthorised payment which must be included in the Event report and tax charges* would be due.</p>
Unknown or not able to make payment in one of the categories above	Refund not paid	<p>Report unpaid refund to Local Pension Board, pensions committee and include in the breaches register.</p> <p>Administering authorities may instead discharge liability by paying the refund to an ESCROW account before the expiry of five years.</p>

* The refund payment may be subject to an Unauthorised Payments Charge (member – 40%), Unauthorised Payments Surcharge (member – 15%) and Scheme Sanction Charge (administering authority – 40%)

2. Post 2014 Deferred member re-joins LGPS after more than five years

A deferred Scheme member with post 2014 benefits only (or only membership treated as post 2014 membership) re-joins the Scheme after a gap of more than five years.

Aggregation is automatic unless the member elects within 12 months of re-joining (or such a longer period as the employer allows) to retain separate benefits.

CARE account from deferred membership is transferred to active pension account, but **in-scheme revaluation does not apply** for the period the member was deferred, instead increases due under the Pension Increase (Review) Orders apply.

3. Deferred member with pre and post 2014 membership re-joins after more than five years

Aggregation is automatic unless the member elects within 12 months of re-joining (or such a longer period as the employer allows) to retain separate benefits.

CARE account from deferred membership is transferred to active pension account, but **in-scheme revaluation does not apply** for the period the member was deferred, instead increases due under the Pension Increase (Review) Orders apply.

Transfer value of final salary benefits used to purchase CARE benefits in the active pension account.

These will be the first cases in which a member's final salary benefits could be converted to CARE pension **without** a positive election from the Scheme member. It is important that administering authorities review their documentation to ensure that the member's options and the default position if no response is received are clear.

Action for administering authorities

Make sure processes are in place to transfer a CARE pot where the gap is greater than five years, and that in-scheme revaluation does not apply for the period of deferment.

Review documentation sent to re-joining members and update if necessary to cover cases where the gap between leaving and re-joining exceeds five years.

You may need to check with your software supplier:

- How to record CARE benefits aggregated to a new pension account after a gap of more than five years to ensure that the correct revaluation is applied
- That transfer out documentation (when processing a transfer to another LGPS administering authority in England or Wales) includes the information the receiving administering authority will need to calculate a transfer in correctly where the member had benefits pre and post 2014 and the gap exceeds five years.

Codes for calculators updated

The calculators available on www.lgpsmember.org have been updated to reflect the new limits for the 2019/20 year, and where appropriate, the new methodology and factors. The following calculators have been updated and the code is available for use by administering authorities in England and Wales on the [Code for calculators](#) page of www.lgpsregs.org:

- APC calculator
- Annual allowance quick check tool
- Contributions calculator
- Lifetime allowance quick check tool
- Lump sum calculator

LGPS Scotland

SCAPE discount rate – impact on actuarial guidance – update

On 18 April 2019 Roddy MacLeod (SPPA) contacted Scottish administering authorities to let them know that GAD have issued guidance covering the Application of a Pension Credit to the former spouse or civil partner of a post 2015 member. The guidance has been added to the [actuarial guidance](#) page of www.scotlgpsregs.org.

In the same email sent on 18 April 2019 it was confirmed that SPPA are awaiting responses to a number of queries concerning the presentation of the factor spreadsheet and the implementation dates of new factors which have been referred to GAD.

HMT

Exit payments cap consultation

On 10 April 2019 Lorraine Bennett contacted administering authorities to inform them that HM Treasury have launched a consultation called '[Restricting exit payments in the public sector: consultation on implementation of the regulations](#)'. The LGA will be submitting a response before the 12-week consultation closes on 3 July 2019.

The LGPC have produced a briefing note which ties together the contents of the consultation documents. The briefing note and the consultation documents can be found:

- on the [non-scheme consultations](#) page of www.lgpsregs.org where you will also find a one page summary aimed at local government employers in England and Wales
- on the [non-scheme consultations](#) page of www.scotlgpsregs.org

HMT welcomes responses to the consultation from employers, employees and their representatives, HR, payroll and pension experts, and anyone else who might be impacted by the proposals.

Introducing a cap on exit payments will have significant implications for employers as well as for administering authorities. We encourage administering authorities to share information about the consultation with their Scheme employers to ensure that they have an opportunity to respond.

HMRC

Pension schemes newsletter 108

On 29 March 2019, HMRC published [pension schemes newsletter 108](#) which includes articles on:

- GMP – a working group is being set up to consider the pension tax issues arising as a result of GMP equalisation
- Master Trust update – the authorisation application window closed on 31 March 2019
- Managing Pension Schemes service
 - If you have registered as a scheme administrator on the Pension Schemes Online service you can find out [how to register](#) for the Managing Pension Schemes service
 - How to add another scheme administrator to your scheme
 - Saving a draft version of a report before submitting it
 - How to find a charge reference for an accounting for tax (AFT) return
- Annual allowance calculator – updated to include the 2019/20 year

DWP

Pension Dashboards

As reported in [bulletin 179](#), the DWP consultation on the introduction of pension dashboards closed on 28 January 2019. The government published its response to the consultation on 4 April 2019. You can find the consultation documents, the LGA response and the government response to the consultation on:

- The [non-scheme consultations](#) page of www.lgpsregs.org
- The [non-scheme consultations](#) page of www.scotlgpsregs.org

Key details of the government's plans include:

- Legislation to compel pension providers to make consumers' data available on the dashboard
- Staged onboarding of schemes with the majority of schemes participating within 3 to 4 years
- The inclusion of state pension data
- A commitment to multiple dashboards, with a non-commercial dashboard being overseen by the Money and Pensions Service (previously the Single Financial Guidance Body).

Changes to benefits paid to mixed age couples

Currently a couple moves from receiving working age benefits to pension age benefits when the older partner reaches State Pension age (SPa). The government has [announced](#) that from 15 May 2019 this transition will take place when the younger partner reaches SPa. Mixed age couples with a partner under SPa who are already receiving Pension Credit or pension age Housing Benefit will not be affected by the change.

TPO

PO-19673 Estate of the late Mrs N v Derbyshire County Council

The above [case](#) was determined by the Ombudsman on 26 March 2019 who found in favour of the Applicant.

The case was brought by the husband of the late Mrs N who had been approved for ill health retirement benefits but passed away as an active member shortly before her employment with the Council was terminated. Consequently, a lesser death grant was paid to her husband, Dr Y. The complaint concerns the leaving date set by the Council after it awarded Mrs N ill health retirement benefits.

Recoupment in overpayment cases factsheet published

TPO have published a [factsheet](#) setting out TPO view that the Pensions Ombudsman is a 'competent court' for the purpose of section 91(6) of the Pensions Act 1995 when making Determinations for recoupment in overpayment cases.

TPR

TPR publish regulatory intervention report on Oxfordshire Pension Fund

TPR has published a regulatory [intervention report](#) outlining how it worked with the Oxfordshire Pension Fund to improve the fund's governance and administration.

Other news and updates

The Civil Partnerships, Marriages and Deaths (Registration Etc.) Act 2019

[The Civil Partnerships, Marriages and Deaths \(Registration Etc.\) Act 2019](#) received royal assent on 26 March 2019. The Act allows the Secretary of State for Women and Equalities to consult on and create legislation needed to permit mixed-sex civil partnerships in England and Wales. The Act provides that the legislation must be completed in time for the first mixed-sex civil partnerships to take place before the end of 2019.

Timeline regulations updated

As reported in [bulletin 183](#), the Financial Guidance and Claims Act (Naming and Consequential Amendments) Regulations 2019 amended regulations 75(3) and 77 of the LGPS Regulations 2013 and regulations 70(3)(e) and 72(3)(e) of the LGPS (Scotland) Regulations 2018. The Timeline regulations have been updated to reflect this change, see:

- [LGPS Regulations 2013](#) page of www.lgpsregs.org
- [LGPS Regulations 2018](#) page of www.scotlgpsregs.org

Tell Us Once notifications

On 9 April 2019 Lorraine Bennett forwarded an email from DWP concerning action that must be taken to ensure that pension notifications continue to be received. The email is attached to this bulletin as [Appendix 1](#).

The Canopy Digital Connect (CDC) messaging service which is currently used to provide public sector pension schemes with notification from the Tell Us Once system is to be replaced by an Employee Authentication Service Replacement (EASR) token.

DWP reported that they have received responses from all LGPS administering authorities who participate in the Tell Us Once system. DWP will be contacting nominated Champions about the next steps in the coming weeks.

Communications working group minutes published

The Communications working group met on 3 April 2019. You can read the minutes on the [Communications working group](#) minutes page of www.lgpsregs.org. Topics discussed at the meeting included:

- Member videos
- Employer online training
- Retention policy and GDPR
- Annual Benefit Statements – producing a list of data items to be included in active member statements from 2020
- Communications work plan for 2019/20
- Communicating with members via social media

The Finance (No.2) Act 2017

In [bulletin 170](#) we reported that the government announced in November 2017 the policy to make employer NICs payable on termination payments above £30,000 from 6 April 2018. The introduction of employer NICs on termination payments above £30,000 was subsequently delayed to take effect from 6 April 2019. The government has since [announced](#) in November 2018 that there has been a further delay and the introduction will now take effect from 6 April 2020.

Updates to guides and factsheets

Bulletin 182 published in March 2019 contained the annual updates for 2019/20. We have revised and published a number of our guides, sample letters and leaflets to take account of these changes. Tracked and clean versions of the documents listed below are available on:

- the [Guides and sample documents](#) page of www.scotlgpsregs.org and
- the [Guides and sample documents](#) page of www.lgpsregs.org.

England and Wales	Version
Annual Allowance – Factsheet for members	1.6
A member’s guide to AVCs	2.0
Councillors – update for councillors in England	1.9
Councillors – Full guide	1.9
Introductory leaflet for councillors in Wales	1.6
Employees’ Brief Scheme Guide	2.0
Employees’ Promotional leaflet	1.6
HR Guide	4.0
Lifetime allowance – factsheet for members	1.6
Scotland	
Annual Allowance – Factsheet for members	1.6
Lifetime allowance – Factsheet for members	1.6

Updated versions of the Full Scheme guide and the Payroll guide will be published in May 2019.

Money and Pensions Service Business Plan and listening events

The Money and Pension Service have published their [Business Plan](#) setting out their business priorities and plans for the future. It confirms that for the initial ‘transition’ year, customers will still be able to access services through Pension Wise, The Pensions Advisory Service (TPAS) and Money Advice Service (MAS). ‘The new joined-up Money and Pension Service offer can go live to customers in 2020/21’.

A number of [listening events](#) for stakeholders will be held across the UK between April and June 2019. The aim of the events is to help shape the future vision and strategy of the Money and Pensions Service and they welcome attendees from local government, employers and practitioners.

Pension administration software framework to go ahead

The National LGPS Frameworks team have been working with several founding authorities to assess the viability of setting up a Pensions Administration Software framework primarily in support of the LGPS. At the end of March they made a decision to go ahead with the establishment of the framework.

The initiative has the support of central government including MHCLG and Cabinet Office. It is currently anticipated that the framework will be available for funds to use within 12 -14 months.

More information is included in the [brief](#) attached to this bulletin as Appendix 2.

If you are interested in finding out more about this project or would also like to be involved or listed as providing support, please contact [Pippa Bestwick](#), Programme Director, National LGPS Frameworks.

Technical queries

At the Pension Managers' Conference in December 2018, it was agreed that the LGPC Secretariat would publish information about the number and type of technical queries they have responded to each quarter. This is the first update following that decision and is based on the 187 queries the LGPC team responded to in the period 1 January to 31 March 2019.

15% of the queries related to issues specific to events occurring in this period – employee contribution rates, APC limits and Pensions increase to apply from April 2019, cost cap and the implementation dates of new GAD factors. The [MHCLG transitional guidance table](#) provides additional information about the implementation of new factors.

21% of the queries concerned deferred member options, transfers out, AVC options and AVC transfers. The AVC technical guide provides comprehensive information on member options and the AVC template letters can be used to communicate these options to members when certain events occur. Both can be found on the [Guides and sample documents](#) page of www.lgpsregs.org.

15% of the queries related to retirement, late retirement, requisite benefits, death grants, survivor benefits, trivial commutation and the application of supplementary PI to these payments. Supplementary PI is referenced in bulletins [183](#) and [181](#) and we will include a more comprehensive article on this topic in the May 2019 bulletin. We aim to publish a new survivor guide in May 2019 which reflects the changes brought about by the LGPS (Miscellaneous Amendment) Regulations 2018.

Queries concerning ill health and APP represented 7% of the total queries. We would like to remind administering authorities that if an IRMP certifies that a member was working reduced hours as a result of the condition that caused or contributed to the member's ill health retirement (Tier 1 or 2) that the APP used to calculate the ill health enhancement should be based on the pay the member would have received but for the hours reduction. CARE pension built up as an active member is based on pay the member actually received (or APP calculated in the usual way for any period of reduced or nil pay due to sickness absence), it is **not increased** to reflect the reduced working hours.

The [Statutory Ill Health Retirement Guidance](#) published by MHCLG is a useful source of information about ill health retirement from the 2014 Scheme. The guide can be found on the [LGPS Regulations 2013](#) page of www.lgpsregs.org.

Queries concerning high earners (Annual allowance, Lifetime allowance and protections) and aggregation (including concurrent adjustments and the vesting period) each represented 5% of the responses sent.

32% of responses sent were to queries on topics that occurred less than 5 times in the quarter.

Training

Circular 313 issued – Fundamentals Training

As confirmed in [bulletin 183](#) issued in March 2019, our 'Fundamentals' training programme will be held in London, Leeds and Cardiff between October and December 2019. For more information on the course content and how to book places, please see [Circular 313](#).

Annual Governance conference

A further circular will be issued in May to confirm how to book a place at the Annual Governance Conference to be held lunchtime to lunchtime 23 to 24 January 2020 at the Principal Hotel in York. Places will be allocated on a first come, first served basis. If you would like to register your interest in attending this year's conference, please send a short email with the subject 'Annual' to elaine.english@local.gov.uk.

Wider landscape

DWP publish guidance on GMP equalisation

DWP have published [guidance](#) on how the GMP conversion legislation might be used to achieve equalisation. Administering authorities should note that this guidance does not apply to public sector pension schemes. MHCLG and HM Treasury may decide on future changes that would affect the LGPS and this guidance provides information on the possible routes that could be taken.

State pension guidance updated

DWP has updated the following guidance to take into account the new rates from 8 April 2019:

- [Your new State Pension explained](#)
- [How to increase your State Pension if you reached State Pension age between 6 April 2010 and 5 April 2015](#)

Legislation

United Kingdom

Act	Reference Title
2019/167	The Welfare Reform Act 2012 (Commencement No. 32 and Savings and Transitional Provisions) Order 2019
2019/12	Civil Partnerships, Marriages and Deaths (Registration etc) Act 2019
2019/383	The Financial Guidance and Claims Act (Naming and Consequential Amendments) Regulations 2019
2017/32	Finance (No.2) Act 2017

Useful links

[LGA Pensions page](#)

[LGPS member website](#) (England and Wales)

[LGPS 2015 member website](#) (Scotland)

[LGPS Advisory Board website](#) (England and Wales)

[LGPS Advisory Board website](#) (Scotland)

[LGPS Regulations and Guidance website](#) (England and Wales)

[LGPS Regulations and Guidance website](#) (Scotland)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

Jeff Houston (Head of Pensions)

Telephone: 0207 187 7346

Email: jeff.houston@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 0207 187 7374

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 020 7664 3172

Email: rachel.abbey@local.gov.uk

Alan South (Pensions Adviser – LGPC Secretariat)

Telephone: 07867 189992

Email: alan.south@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Bob Holloway (Pensions Secretary – LGPS Scheme Advisory Board (E&W))

Telephone: 07919 562847

Email: robert.holloway@local.gov.uk

Liam Robson (Pensions Analyst – LGPS Scheme Advisory Board (E&W))

Telephone: 0207 664 3328

Email: liam.robson@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 0207 187 7344

Email: elaine.english@local.gov.uk

Distribution sheet

Pension managers (internal) of administering authorities

Pension managers (outsourced) and administering authority client managers

Local Government Pensions Committee

Trade unions

CLG

COSLA

SPPA

Regional Directors

Private clients

The Pensions Regulator

The Pensions Ombudsman

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Whilst every attempt is made to ensure the accuracy of the Bulletin, it would be helpful if readers could bring to the attention of the Secretariat any perceived errors or omissions by emailing query.lgps@local.gov.uk.

Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 185 – May 2019

Foreword

This bulletin contains a number of important updates for LGPS administering authorities, scheme employers and software providers; whilst also providing a general update for all stakeholders.

Of particular importance are the following articles:

- MHCLG consultations which provide an update of the latest position ([closing date for valuation and employer risk consultation 31 July 2019](#))
- MHCLG advice note on McCloud and 2019 valuation
- SPPA publication of new regulations ([effective from 28 June 2019](#))
- Countdown bulletin 45 regarding the payment of CEPs ([deadline for notification 4 June 2019](#))

If you have any comments on the contents of this bulletin or wish to suggest items that might be included in future bulletins, please contact query.lgps@local.gov.uk.

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MHCLG

Consultation: Late retirement guidance – implementation update

In March 2019 MHCLG published a [consultation](#) on proposed changes to the late retirement guidance that closed on 17 April 2019. The proposals included a change in methodology as well as a change in factors.

MHCLG confirmed that a number of the responses they have received raised concerns about the 1 May 2019 implementation date. Discussions are ongoing between MHCLG, LGA and software suppliers to fix a date from which the new methodology and factors will apply; however, MHCLG have confirmed the implementation date will no longer be 1 May 2019.

Consultation: Local valuation cycle and the management of employer risk

On 8 May 2019 MHCLG issued a 12 week [policy consultation](#) called 'LGPS: Changes to the local valuation cycle and the management of employer risk'.

The consultation closes on 31 July 2019 and covers the following areas:

- amendments to the local fund valuations from the current 3 year (triennial) to a 4-year (quadrennial) cycle
- a number of measures aimed at mitigating the risks of moving from a triennial to a quadrennial cycle
- proposals for flexibility on exit payments
- proposals for further policy changes to exit credits
- proposals for changes to the employers required to offer local government pension scheme membership

Regarding the change to exit credit payments, given that the consultation proposes backdating the change, we are of the view that it would be legitimate to delay payment of an exit credit (where a side agreement was in place) pending the consultation outcome.

Action for administering authorities and scheme employers

We encourage administering authorities to forward details of the consultation to their Scheme employers to ensure that they have an opportunity to respond. The consultation documents are available on the [scheme consultations](#) page of www.lgpsregs.org

Consultation: Pooling guidance

In [bulletin 181](#) we confirmed that on 3 January 2019 MHCLG had issued [draft statutory guidance](#) on LGPS asset pooling. The consultation was an informal one with interested parties only invited to respond. The consultation closed on 28 March 2019.

In May 2019, at the PLSA Local Authority Conference, Rishi Sunak the Minister for local government pensions announced that a formal consultation on pooling guidance would be published in the forthcoming months.

Scheme Advisory Board (SAB)

2018 annual report

Cllr Roger Phillips, the chair of the scheme advisory board launched the 2018 annual report at the recent PLSA local authority conference.

The aim of the annual report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. It aggregates information supplied in the 89 fund annual reports, as at 31 March 2018.

Key highlights:

- The total membership of the LGPS grew by 197,000 (3.4%) to 5.8m members in 2018 from 5.6m in 2017
- The total assets of the LGPS increased to £275bn (a change of 5%). These assets were invested in pooled investment vehicles (54%), public equities (29%), bonds (7%), direct property (3%), as well as other asset classes (7%)
- The local authority return on investment over 2017/2018 was 4.4%. This was reflective of the market conditions during the year and set against the UK Return of 0.2%
- The Scheme maintained a positive cash-flow position overall. Scheme income was higher than total scheme outgoings by £500m; this is including investment income
- Over 1.7m pensioners were paid over the year.

The full report can be viewed on the Scheme Advisory Board [website](#).

Code of Transparency and compliance system

On 29 April 2019 Liam Robson emailed administering authorities to confirm that a [briefing note](#) on the LGPS Code of Transparency and compliance system had been published on the SAB [website](#).

The briefing note provides the background to the code, the procurement of a compliance system, and answers FAQs from the points of view of both the Investment Managers and the LGPS clients.

Code of Transparency – CTI templates

On 21 May 2019 Liam Robson emailed administering authorities to confirm that a framework of templates and guidance had been published by the [Cost Transparency Initiative \(CTI\)](#). This is as an important step in achieving clarity in cost and value for asset owners and pension scheme members. The templates and guidance have been adopted as an integral part of the SABs [Code of Transparency](#).

SAB are eager to work with existing and new signatories in ensuring the new framework is a success and welcome feedback from managers as they implement or transition to the new templates.

Good governance project

Hymans Robertson have launched a [national governance survey](#) with the aim of capturing as many views as possible from those working within the LGPS. The survey will close on 31 May 2019.

McCloud and valuation guidance

In [bulletin 181](#) published in February 2019 we reported that administering authorities had been asked to inform SAB about their preference concerning the approach to the 2019 valuation. Specifically, whether they would prefer to receive guidance from SAB on how McCloud / cost management should be taken account in the 2019 valuation, or if they would prefer to determine their own approach taking advice from their actuarial adviser.

The majority of funds expressed a preference to receive [central guidance](#) which was issued on 14 May 2019.

CIPFA have provided a separate [note](#) on accounting for McCloud / cost management.

Action for administering authorities

The SAB advice note sets out their proposed approach in five key points. We encourage administering authorities to discuss this approach, together with the CIPFA guidance note, with their actuaries.

Simplification project

MHCLG have identified a need to make the Scheme regulations more adaptable, flexible and easy to administer, whilst maintaining a degree of consistency of approach across administering authorities. This project is called the 'Simplification project'.

The Simplification project is supported by a working group made up of representatives from trade unions, actuarial services, MHCLG, SAB, LGA and where necessary scheme employers, payroll software providers, administering authorities and software providers.

The [terms of reference](#) were agreed at the first meeting held on 8 May 2019. Also at that meeting the group considered a couple of administrative areas that may be improved / simplified. Should these considerations proceed further, a wider consultation will occur. These were:

- (a) application of assumed pensionable pay, and
- (b) employee and employer contributions during the 1st 30 days of an authorised absence)

Administration

Outstanding actuarial factors

As reported in previous bulletins, following the change to the SCAPE discount rate on 29 October 2018, MHCLG have issued a spreadsheet of revised factors along with updated guidance where the methodology has also changed.

The spreadsheet and guidance can be found in the [actuarial guidance](http://www.lgpsregs.org) page of www.lgpsregs.org. Due to the volume of factors and guidance changed, we thought it might be helpful to confirm which factors are still outstanding:

Description of outstanding factors
Additional Survivor Benefit Contributions (ASBCs) ¹
Annual allowance scheme pays offset ²
Use of accumulated AVCs to purchase additional pension under the scheme ³
Conversion of accumulated AVCs to purchase transfer credits ⁴
Non-club final salary link for transfers between club schemes ⁵

Note: Factors for trivial commutation where the member's benefits are brought into payment on ill health grounds before the age of 55 will, for the time being, continue to be calculated on an ad-hoc basis. Administering authorities should refer such cases to MHCLG for onward transmission to GAD.

LGPS Scotland

SPPA

SPPA new website

On 10 June 2019, SPPA plan to launch a new website. Links to the new website will be sent out around the time of launch by SPPA.

The LGPS (Miscellaneous Amendments) (Scotland) Regulations 2019 [SI 2019/161]

The above [regulations](#) were made on 2 May 2019 and come into force on 28 June 2019, with some amendments having a back dated effect to 1 April 2015.

Since publication SPPA have confirmed that they have identified two minor drafting errors in the instrument that appeared in the latter stages of styling. Whilst these have no effect on the functioning of the instrument, SPPA plan to lay a corrective instrument to come into force on the same date.

Administration

Actuarial factors update

Following the change to the SCAPE discount rate in October 2018, SPPA have published a workbook of new factors and updated guidance where the methodology has also changed. These be found in the [actuarial guidance](http://www.scotlgpsregs.org) page of www.scotlgpsregs.org.

¹ Regulation 14 - LGPS(Benefits, Membership and Contributions) Regulations 2007

² Regulation 86 - LGPS Regulations 2013

³ Regulation 17 - LGPS Regulations 2013 & regulation 15 - LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

⁴ Regulation 66 - LGPS Regulations 1997

⁵ Regulation 9 - LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

The [APC calculator](#) has also been updated to take into account the change in factors and methodology.

HMRC

Countdown bulletin 45

On 1, 16 and 22 May 2019 Jayne Wiberg emailed administering authorities with information concerning the extension of phase 7 - scheme financial reconciliation. [Countdown bulletin 45](#) provides the details of that extension. Following publication of countdown bulletin 45, the Secretariat received a number of queries and contacted HMRC clarity.

HMRC have suggested that administering authorities could include the following cases on their phase 7 re-run (which must be completed by 4 June 2019). Following which, HMRC will cancel any outstanding liability and include the value of the 'now notified' unpaid CEPs in their final billing exercise:

- outstanding unpaid CEPs **notified** to HMRC in the past, and
- outstanding unpaid CEPs **not notified** to HMRC because the notification had been missed

This should provide administering authorities with a solution for any unpaid CEPs that they have inadvertently missed paying in the past.

This solution only addresses those cases for which the administering authority is confident that the CEP applies to a former member of the Scheme.

Pension schemes newsletter 109

On 30 April 2019 HMRC published [pension schemes newsletter 109](#). Of particular interest to administering authorities are the articles on:

- **Managing Pension Schemes service**
New features have been added and for schemes registered with the service there has been updates to scheme administrator reporting.
- **Overseas transfer charge**
In April 2019 the Pension Schemes (Information Requirements – Repayment of Overseas Transfer Charge) Regulations 2019 [SI [2019/774](#)] and the Pension Schemes (Information Requirements - Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) (Amendment) Regulations 2019 [SI [2019/773](#)] were laid. The regulations detail the conditions and process for claiming a repayment of the overseas transfer charge where the charge was either paid in error or a change in the individual's circumstances means the original transfer has now become exempt from the charge. The [scheme administrator factsheet](#) will be updated to reflect these changes in due course.
- **Updates to the recognised overseas pension schemes notifications (ROPS) list**
HMRC has published an update to the Recognised Overseas Pension Schemes (ROPS) list, with 22 schemes added and two removed.

TPR

New round of pension compliance checks

On 15 May 2019 TPR [announced](#) that employers who flout their automatic enrolment pension duties are to be targeted with short-notice inspections. TPR will pinpoint specific employers up and down the country who are suspected of breaking the law, including those who fail to put staff into a pension scheme or who make no, or incorrect, pension contributions.

The inspections started shortly after the announcement and will continue over the summer. Employers who are suspected of non-compliance may also be contacted by telephone to validate the information held. It is mandatory for employers to take part in the inspections. Obstruction of an inspector and failing to provide information when required to do so are criminal offences. Non-compliance could also result in fines or court action.

TPR publish corporate plan for 2019-2022

TPR has published its [corporate plan](#) for 2019-22. The plan outlines the Regulator's six priorities for the next three years, which include extending its regulatory reach with a wider range of proactive and targeted regulatory interventions, and enabling workplace pension schemes to deliver their benefits through significant change such as Brexit. The plan also states that TPR is receiving an extra £7.6m in levy funding from the DWP for this tax year, including £400k that will be used to support policy work relating to the pensions dashboard.

The Pensions Regulator: tailored review

On 16 May 2019 DWP published a [tailored review of the TPR](#). The review was undertaken to ensure that TPR remains fit for purpose, well governed and properly accountable for what it does.

As a non-departmental public body the TPR is subject to a tailored review at least once in the lifetime of a Parliament.

The review looked at six key areas and made recommendations throughout:

1. Form and Functions
2. Arrangements between TPR and DWP
3. TPR Governance
4. Operational effectiveness
5. Organisational effectiveness
6. Operational efficiency

The tailored review worked closely with TPR, DWP and Cabinet Office. All of the recommendations of the review were accepted by all parties and approved by the Minister for Pensions and Financial Inclusion. The next tailored review of TPR should take place in around five years' time and should consider the progress made against the recommendations of this review.

Other news and updates

McCloud / Cost management

Further to the article in [bulletin 181](#) and the article within the SAB update in [bulletin 184](#), on 3 April 2019 the Government confirmed in a [House of Commons briefing paper](#) that it expects a decision on its application for leave to appeal this judgment in July 2019.

LGPC draft minutes published

The Local Government Pension Committee (LGPC) met on 8 April 2019. Minutes of the meeting can be found under the LGPC minutes page of www.lgpsregs.org and www.scotlgpsregs.org.

LGPC Subscriptions

The LGPC has a number of outstanding invoices for LGPC subscriptions and a significant amount of time is being used by the team to chase these payments. We request that administering authorities check their records and make any outstanding payments as soon as possible so that our resources can be more productively deployed.

NI database

In [bulletin 183](#) we informed readers that we are in the process of making changes to the database. These changes are almost complete and will go live in June 2019 (around the middle of the month). The changes include:

- restricting the view so that Scottish administering authorities cannot see English and Welsh data (and vice versa)
- a requirement for individual users of the database to have their own log in details, rather than sharing one login and password across each administering authority. Each administering authority will be provided with access, as below:
 - one master user - who will have full functionality including being able to set up users and change passwords
 - two super users who will be able upload data and view the database
 - up to five admin users who will have view-only access
- administering authorities will only be able to view the database if they have uploaded data in the last 90 days.
- weekly reminders will be sent to administering authorities who have not uploaded data for 35 days or more.

Updated list of public sector club transfer members

In April 2019 the Cabinet Office published an [updated list](#) of club transfer members. All of the recent changes have been highlighted in red. The list can also be found in the 'other government documents' page of www.lgpsregs.org and www.scotlgpsregs.org.

Training

Aggregation and Insight residential course

Due to high demand on both the one day aggregation course and our Residential course "Insight", we have put on additional dates to accommodate those individuals that were on the waiting list for the original course. We still have some spaces available as outlined below. These events are now live for booking and booking is on a first come first serve basis.

Birmingham	Aggregation course	11 July 2019
Blackpool	Insight residential course	7 – 10 October 2019

Fundamentals training

An A-Z bespoke **LGPS training course** aimed at elected members and others who attend pension committees and local pension boards. It provides attendees with the knowledge and skills to enable them to carry out their duties effectively. 2019 dates and venues are fixed as:

Day 1	London	LGA offices, Westminster	3 October 2019
	Leeds	Marriott Hotel	17 October 2019
	Cardiff	Marriott Hotel	31 October 2019

Day 2	London	LGA offices, Westminster	6 November 2019
	Leeds	Marriott Hotel	14 November 2019
	Cardiff	Marriott Hotel	21 November 2019

Day 3	Leeds	Marriott Hotel	5 December 2019
	Cardiff	Marriott Hotel	12 December 2019
	London	LGA offices, Westminster	18 December 2019

Full details can be found via Circular [313](#)

Governance Conference 22 – 23 January 2020.

Next year's Governance Conference will be held on 22 – 23 January 2020 at the Principal Hotel, York. Full details will be provided early June 2019.

Wider landscape

Consultation: Changes to unmarried partner and same-sex survivor benefits in the England and Wales Teachers' pension scheme

On 15 May 2019 DoE published a [consultation](#) seeking views on the following proposals:

- to provide civil partners and same-sex spouses with the same survivor pension rights as widows (in line with the Walker v Innospec Ltd case)

- to remove the nomination form requirement for unmarried partner benefits (in line with the case of Brewster v Northern Ireland Local Government Officers' Superannuation Committee)
- other minor amendments.

The consultation closes on 25 June 2019.

House of Commons briefing paper – pensions tax relief

The House of Commons Library updated a [briefing paper](#) which looks at the annual and lifetime allowances. The paper includes useful background information on the reduction in these allowances since 2010 and has been updated to reflect the limits which apply for the 2019/20 tax year. Recent calls for reform of pension taxation in response to concerns about filling senior posts in the public sector are also covered.

Legislation

United Kingdom

SI	Reference title
2019/879	The Equality Act (Age Exceptions for Pension Schemes) (Amendment) Order 2019
2019/774	The Pension Schemes (Information Requirements – Repayment of Overseas Transfer Charge) Regulations 2019
2019/773	The Pension Schemes (Information Requirements — Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) (Amendment) Regulations 2019
2019/743	The Financial Guidance and Claims Act 2018 (Commencement No. 6) Regulations 2019
SSI	Reference title
2019/161	The Local Government Pension Scheme (Miscellaneous Amendments) (Scotland) Regulations 2019

Useful links

[LGA Pensions page](#)

[LGPS member website](#) (England and Wales)

[LGPS 2015 member website](#) (Scotland)

[LGPS Advisory Board website](#) (England and Wales)

[LGPS Advisory Board website](#) (Scotland)

[LGPS Regulations and Guidance website](#) (England and Wales)

[LGPS Regulations and Guidance website](#) (Scotland)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

Jeff Houston (Head of Pensions)

Telephone: 0207 187 7346

Email: jeff.houston@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 0207 187 7374

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 020 7664 3172

Email: rachel.abbey@local.gov.uk

Alan South (Pensions Adviser – LGPC Secretariat)

Telephone: 07867 189992

Email: alan.south@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Bob Holloway (Pensions Secretary – LGPS Scheme Advisory Board (E&W))

Telephone: 07919 562847

Email: robert.holloway@local.gov.uk

Liam Robson (Pensions Analyst – LGPS Scheme Advisory Board (E&W))

Telephone: 0207 664 3328

Email: liam.robson@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 0207 187 7344

Email: elaine.english@local.gov.uk

Distribution sheet

Pension managers (internal) of administering authorities

Pension managers (outsourced) and administering authority client managers

Local Government Pensions Committee
Trade unions
CLG
COSLA
SPPA
Regional Directors
Private clients
The Pensions Regulator
The Pensions Ombudsman

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 Brent	Pension Board 13 June 2019
	Report from the Chief Finance Officer
Brent Risk Register	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	1
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

1.1 This report presents the current Risk Register for the Brent Pension Fund Pensions Administration Service.

2.0 Recommendation(s)

2.1 The board is asked to note the report.

3.0 Background

3.1 Effective risk management is the foundation of sound corporate governance and for the LGPS the focus should be on all aspects of the scheme's operation, not just investment matters. Having a strategy and register in place is a way for the scheme manager to identify and manage scheme risks and it is considered good practice to have a strategy and register in place alongside established reporting mechanisms.

3.2 Using guidance from The Pensions Regulator and CIPFA, together with Brent's internal risk management resources, a process was undertaken in 2018 to produce a risk management strategy that was unique to Brent's circumstances. This involved a workshop that identified all of the relevant risks, assessed those risks in terms of likelihood, understanding risk management and contingency planning, monitoring risks and documentation in a register.

- 3.3 It is recognised that risk management works well when the administering authority, the Pensions Board and employers work together. All parties then understand each other's capacity and appetite for risk. Key elements of this strategy were discussed at a recent working party set up with the scheme manager, administrator and select employers for feedback and comment. The Risk Strategy is attached to this report in Appendix 2. Further engagement is planned as part of the employer consultation of the new Pensions Administration Strategy.
- 3.4 Since the Risk Register was presented to the Pension Board at its last meeting, it has been reviewed. It was agreed in the previous Board meeting that the Risk Register would become a standing agenda item at these meetings, with new risks and any changes to classifications of risks being reported to the board.
- 3.5 No new risks have been identified since the register was last reported to the board in March. The board is asked to notify the scheme manager if it disagrees with these classifications and present any new risks that they would like to be considered.
- 3.6 The current Risk Register is attached at Appendix 1 and it is proposed to present any changes or updates to this document to the Pension Board at every meeting.

4.0 Financial Implications

- 4.1 There are no specific financial implications associated with noting this report.

5.0 Legal Implications

- 5.1 None arising directly from this report

6.0 Equality Implications

- 6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable for this report.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 None arising directly from this report

Report sign off:

Minesh Patel, Interim Director of Finance

1	Risk Area Disaster Recovery	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Review Due	Comment 1
1.1	Operational Disaster Recovery Plans Brent	Loss of or unable to access admin systems for: a) Pensions b) Payroll c) Pensioner payroll	1	10	10	Brent Council Business Continuity Procedures	Brent	Annual	2019	Brent Council disaster recovery plan in place
1.11		Pension Systems I.T.	1	10	10	Database of all: a) Advisors b) Suppliers c) Contracts	Brent	Annual	2019	Held as hard copy by Brent Council's Legal Department
1.2	Operational Disaster Recovery Plans LPP	Loss of or unable to access LPP admin systems for pensions	1	6	6	LPP Shared Service Agreement.	LPP	Annual	2019	From 1 October 2018 LPP disaster recovery plan in place as part of their Shared Service Agreement with Brent Council
1.21		LPP Pensions Admin System (Altair) used by Brent Council Employers, Maintained Schools and Academy's	1	6	6	LPP Shared Service Agreement	LPP	Annual	2019	LPP have a recovery plan in place for their pension admin platform Altair (External provider Aquila/Haywood)
1.3	Risk Area Business Continuity Planning	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
1.31	Business Continuity	LPP Financial Standing	1	10	10	LPP Service Contract	Brent	Annual	2019	Brent Council unaware of any financial problems for the LPP
2	Risk Area Risk Planning	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
2.1	Risk Planning And Monitoring	Not monitoring: a) Risk and the risk plan b) And amending it as required c) Or adding new areas of risk as they appear Will lead to the risk plan being: a) Inaccurate b) Known risks not being accounted for c) No plans to address these risks	1	10	10	Risk Plan	Brent	Annual	2019	The Risk Register is monitoring and reviewed by the Scheme Manager and the Pensions Board. Areas of risk are when required: a) Updated b) Amended c) New risks added if identified
3	Risk Area Data Security	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
3.1		External attack, loss of data, locked out of data, poor internal procedures can lead to an increased risk of attack from: a) outside b) or internal fraud	2	10	20	Brent Council Data Security Procedures	Brent	Annual	2019	Procedures on data security in place, systems kept up to date with latest security updates
3.12		Not backing up data regular using secure backup systems	2	10	20	Data Back Up Procedures.	Brent	Annual	2019	Data is backed up on an incremental basis daily and fully backed up weekly, data kept in secure sites.
3.12	Data Security	a) Clean desk policies not being adhered to: b) Cabinets left open or not locked c) Documents left out overnight d) Documents left on colleagues desk when they are away e) Computer not locked when operator leaves their desk	2	5	5	Brent Council Data Security Procedures	Brent	Annual	2019	Possibility of: a) Sensitive data being seen by unauthorised persons b) Data theft c) GDPR breached e) Brent Councils reputation put at risk
3.14		Taking laptops away from desk that are not password protected with encryption, using them on public transport Not storing laptops in secure location when not in use	1	5	5	Brent Council Data Security Procedures	Brent	Annual	2019	This can lead to: a) Large losses of sensitive data b) Unauthorised people seeing sensitive data while on public transport c) Breach of GDPR d) Breach of Councils policies and dismissal from service
3.2	General Data Protection Regulations	New General Data Protection Regulations (GDPR) came into effect 25 May 2018, failure to comply with GDPR will lead to: a) Complaints b) Data breaches c) Possible fines d) Loss of reputation	1	10	10	Brent GDPR Policies	Brent	Annual	2019	Brent has GDPR policies in place and publishes GDPR privacy notices: a) Online b) Yammer c) In news letters d) In communications to its members, employers, academy's, maintained schools
3.21		Sending sensitive data by email ensuring it will be sent to the right recipient and encrypted, or using a secure transmission system	2	8	16	Brent GDPR Policies	Brent	Annual	2019	Sensitive data being sent to an unauthorised person or business leading to breach of GDPR
3.3	Cyber Security	Unauthorised cyber access or attacks could be serious for a scheme and its members, and could in the end result in identity theft, loss of data or even loss of financial assets.	2	10	20	Brent Council Cyber Security Policy 2019-20	Brent	Annual	2020	Both Brent and LPP have significant cyber security policies and procedures in place to prevent and deter cyberattacks
4	Risk Area Pension Administration	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
4.1	(Backlog) LPP Pension Administration Post Capita Handover November 2018	Backlog of work from Capita: a) Delay in administrative processing because of incomplete scheme data b) Increased administration costs c) Members benefits being delayed d) Increase in complaints e) Places an unwarranted and costly drain on Brent resources	5	10	50	LPP Shared Service Agreement	Brent	Monthly	Monthly	Backlogs of work from Capita must be cleared as soon as possible, extra resource outside of BAU to be provided by the LPP Plan in place to treat the backlog inherited from Capita is being done as a separate project so resources not take away from BAU administration
4.2	(Scheme Data) Scheme Data Provided to LPP by Capita for Maintained Schools Academy's Employers	Missing common and Scheme Specific data not provided by employers, maintained schools and academy's leads to delay in progressing administration for members	5	10	50	LPP Data Check November 2018	Brent	Annual	2019	LPP run a test of the data sent by Capita October 2018 Common Data 98% improved from 2017 Scheme Specific data 93% same as 2017
4.3	Record Keeping Planning	Not updating the record keeping plan to take into account changes of circumstances through the year could lead to a failure to take corrective action leading to a drop in the quality of scheme data or delays in processing member benefits	5	10	50	RKP 2018	Brent	Monthly	Monthly	Brent record keeping plan to be created December 2019 to deal with poor common data and scheme Specific data being below requirements as highlighted the LPP November 2018 data check
4.4	(Employer Data) Maintained Schools Academy's Employers Supplied Data to Capita	Failure by Maintained Schools, Academy's, Employers to provide data accurately and on time to the LPP results in poor scheme data held by the LPP	5	10	50	PAS 2018	Brent	Annual	2019	Employers to export data monthly to LPP system highlighting data problems by import validation, also reporting from the admin systems of missing files leads to early indication of employers having data problems Training to be provided to employers by the LPP on using the systems and what LPP requires from employers Revised PAS sets out what employer need to be doing

4.5	Loss of Key Staff Members	Specialist nature of the work means there are relatively few staff members with knowledge of the Local Authority Pensions Regulations and Pensions Administration requirements. Significant knowledge gap left if specialist staff leave, likely to cause short-term disruption.	4	8	32	Training Plan	Brent	Annual	2020	Key Officers to ensure processes are documented and knowledge is being passed on to other members of the team, to ensure limited disruption in the event of an unexpected absence or leaving the position. Training events delivered by external parties are available and staff are encouraged to attend External Support is available to mitigate this risk, both from external advisors and LPP who manage the fund's administration
5	Risk Area Plan Events	Risk Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
5.1	Pension Plan Events Planning	Plan events such as: a) Annual benefits statements b) Year end reporting to the TPR c) Accounting d) Pension increases e) Plan valuations f) All require planning in advance to ensure completion on time	4	10	40	Plan Calendar	Brent	Annual	2019	Plan Calendar to identify events: a) What work is required b) What resources will be used c) Completion and sign off
5.12		Pension projects such: a) GMP reconciliation b) Changes in legislation that needs to be actioned c) GMP equalised for men and woman	5	10	50	Plan Calendar	Brent	Annual	2019	To allow longer term planning for items such as: a) GMP reconciliation b) New legislation coming in to effect c) Ensure Plan events are completed on time d) Prepare for GMP equalisation
5.3	Active Benefits Statements 2017/18	Failure to have the necessary correct and accurate data will lead to: a) Statements not being sent b) Possible delay sending statements whilst this data is obtained and systems updated	6	10	60	LLP Shared Service Agreement	Brent	Annual	2019	Data improvement being carried out under RKP 2019
5.31		Annual Benefits Statement dependant on: a) Common Data b) Scheme Specific data c) Data being improved from the RKP 2019 (RKP 2019 to be finalised December 2018)	5	10	50	LLP Shared Service Agreement	Brent	Annual	2019	Improvement to common and Scheme Specific data will be complete by 2019
5.4	Deferred Member Benefit Statements 2017/18	Incorrect Statuses, no address, missing data to calculate leads to: a) Statements not being issued b) statement inaccurate c) Incorrect valuation and liabilities for the Plan.	5	10	50	LLP Shared Service Agreement	Brent	Annual	2019	Member data is being dealt with under the 2018 Record keeping Plan Address updates from common data improvements plan have lead to more annual benefits sent out in 2018
5.5	Year End Return	Failure to complete year end return and submit on time leads to fines	2	10	20	PAS 2018 & Plan Calendar	Brent	Annual	2019	All Plan calendar events to be recorded with plans to ensure they are carried out, better planning for EOY with pro active action to get employers to provide data on time in place, 2019 data from employers moves to monthly electronic submissions which will improve the presence of data considerably
5.51	Admission Agreements	Failure to process an admission agreement within the time frames set on in LGPS regulations can lead to transferring employers pension entitlements being delayed, legal issues stopping the agreement from being implemented and costs incurred that can not be recovered	5	10	50	Internal Controls	Brent	Annual	2019	Process for admission agreements to be strengthened
5.52		Not having procedures and processes to processes and monitor agreements are on track and any reason for delayed identified and acted on could lead to delays in implementation of the agreement	5	10	50	Internal Controls	Brent	Annual	2019	Monitoring for admission agreement to be improved
5.53		Oversight of the legal team and ensuring that they are processing the legal agreements in the time set out in the procedures and requirements of admission agreements is a major factor on processing an admission agreement on time	5	10	50	Internal Controls	Brent	Annual	2019	Overseeing of the legal team on admission agreement by the Scheme Manager to ensure no delays and prompt processing of agreement becomes a priority
5.54		Failure to keep to rules and regulation on admission agreement will require this failure to be reported to the TPR	5	10	50	Internal Controls	Brent	Annual	2019	Breaches log to bring attention of failing and lessons learned in processing admission agreements
6	Risk Area Auto Enrolment	Risk Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
6.1	Auto Enrolment	Failure to process auto enrolment on time leads to: a) Member complaints b) Members unable to opt out or in c) Delayed administration d) Possible action by the regulator to improve or be fined	1	40	40	Auto Enrolment Procedures	Brent	2019	2019	Auto enrolment checked monthly for: a) Enrolment b) Opt outs c) Opt Ins d) Auto Enrol Renewal, as part of Brent procedures for pensions and payroll
7	Risk Area Regulatory	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
7.1	Anti Fraud Initiatives Mortality Existence	Benefits paid to people not entitled to benefits from the LGPS	2	5	10	2019 Anti Fraud Plan	Brent	Annual	2019	Administration processes check for fraud
7.2	Pension Board Training	Pension Board members not having the appropriate degree of knowledge and understanding to perform their duties. Pension Board member not having the right knowledge to make informed decisions and challenge Officers of the Council	1	5	5	Pension Board Training Plan	Brent	Annual	2019	Regular training is provided via a training programme for Pension Board members All Pensions Board members to complete and pass the TPR public pensions course online
7.3	Pension Board Conflict Of Interest	Conflicts of interest must be declared in the Register of Interests Failure to declare an interest can lead to serious consequences and pose a risk to the Plan and possibly member	1	5	5	Conflict of Interest Register	Brent	Annual	2019	The register of interests and other relevant documents are circulated to the Pension Board for ongoing review and are published on the Brent Council's website
7.4	Governance	Failure to have good governance plans in place which are reviewed and monitored can lead to: a) Poor administration b) Increased administration costs c) Poor investment outcomes d) Increased levels of risk e) Not understanding what the risks are and having plans to manage the risk f) Statutory requirements not being met such as: g) Annual benefits statements not being produce and sent out h) Pension saving statements not being produce and sent out i) Year end returns late	1	3	3	Multi areas cover governance: a) Plan Rules b) Business Plan c) PAS 2018 d) Scheme Manager e) Pensions Board f) Pensions Sub Committee.	Brent	Annual	2019	Governance is monitored by: a) Scheme Manager b) Pensions Board c) Pensions Sub Committee d) Internal and External Controls

7.5	Failure to make provision for oversight of the administration of the Plan	Failure to ensure that overall oversight is in place and carried out can lead to: a) Breaches of the law b) Poor administration and record keeping c) Unauthorised payments d) Poor administration being allowed to continue e) Failure to meet deadline on time f) Possible fines g) Fraud to occur h) Loss of confidence and reputation for the Council	1	2	2	The Pension Board assists the Scheme Manager in the provision of oversight of how the Plan is administered	Brent	Ongoing	2019	The oversight of the plan is carried out by the Scheme manger with assistance from the Pension Board
7.6	Discretions	A decision to add pension or disregard a reduction on pension for early payment leads to increased costs to the employer	1	5	5	Chief Financial Officer	Brent	Annual	2019	Discretions under review on early retirement with actuarial reduction. Discretions are covered under LGPS Rule 30 (2&5) In preparing such a statement the Council must have regard to the extent to which the discretions are exercised to avoid a loss of confidence in the service provided
7.7	Data Protection Breaches	Breaches not recorded and failure to report a breach to the regulator can lead to fines and loss of reputation	3	6	18	Breaches Log	Brent	Monthly	Monthly	Breaches log to monitor all breaches and report of breached to the regulator Pension Board reviews the breaches log at every meeting
8	Risk Plan Funding & Accounting	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
8.1	The Fund's Assets Insufficient To Meet Long Term Liabilities	Pension Fund Assets not sufficient to pay: a) Pension benefits b) Transfers c) Death benefits d) Could lead to raising of pensions contributions e) Plan has to reduce benefits f) Reassessment of the funding strategy	2	10	20	Public Sector Payroll Controls	Brent	2018	2019	Contributions are checked on a monthly basis Overdue Contributions: Employers Academy's Maintained Schools Are actively chased
8.11			1	10	10	The Funding Strategy Statement	Brent	Tri Annual	2019	The next Triennial Review is 2019 and will be reported to the Pension Board and is reviewed to ensure asset allocation is appropriate
8.12			1	10	10	Fund's Funding Level Assessment	Brent	Quarterly	2019	The actuary Hymans Robertson provides regular reports on funding levels
8.2	Pension Contributions not Paid by:	Effects the Plans abilities to: a) Pay out benefits b) Braking the law on pension contribution collections. c) Unnecessary costs for chasing for contributions. d) Continuing non payment for pension contributions will lead to: e) Breaches for the payment of pension contribution regulations f) Being reported for breaches as required by law g) Delay benefits beginning paid h) Can lead to delays in accounting for pension contributions	2	10	20	PAS	Brent	2018	2019	Procedures in place to deal with pension contributions not being made or late
8.21	Maintained Schools Academy's Employers		2	10	20	PAS	Brent	Annual	2019	Engaging with: a) Employers b) Academy's c) Maintained Schools d) With working parties and employer forums e) LPP to provide more support in this area
8.23	a) On time b) Or not at all c) Refusal to pay		2	10	20	PAS	Brent	2019	2019	Contributions are monitored on a monthly basis and late or non payers reported. 2019 Revised PAS to include fines for non compliers
8.3	Pension Plan Accounting	Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	2	10	20	Annual audit	Brent	2019	2019	Accounts for the year to 31 March 2017 signed off by auditors KPMG LPP
8.31			1	10	10	Triennial valuations	Brent	Tri Annual	2019	Last triannual was 2016, next triannual valuation 2019
8.32			1	10	10	The Funding Strategy Statement	Brent	Tri Annual	2019	The next triennial review is 2019 and will be reported to the Pensions Committee This is reviewed in line with the triennial valuation to ensure asset allocation is appropriate.
8.33			1	10	10	Fund's Funding Level Assessment	Brent	Quarterly	2019	The actuary Hymans Robertson provides regular reports on funding levels
8.34			1	10	10	Annual Audit	Brent	Annual	2019	Accounts for the year to 31 March 2017 signed off by auditors KPMG LPP

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	<p align="center">Pension Board 13 June 2019</p>
	<p align="center">Report from the Chief Finance Officer</p>
<p>The Local Authority Pension Fund Forum</p>	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

1.1 The purpose of this report is to consider if the Fund should become a member of the Local Authority Pension Fund Forum.

2.0 Recommendation(s)

2.1 The Committee is asked to express their view on membership of the Local Authority Pension Fund Forum.

3.0 Detail

Introduction

3.1 One of the areas of growing importance in the work of this Committee is how it fulfils its role as a responsible investor. Stakeholders, including both scheme employers and scheme members are becoming increasingly vocal in challenging the Committee to ensure it is carrying out its statutory duties with sufficient regard to concerns around environmental, social and corporate governance (ESG) issues.

- 3.2 80 LGPS Pension Funds have joined the Local Authority Pension Fund Forum (LAPFF) as a means of supporting their role as a responsible investor. This report considers whether it is appropriate for the Brent Pension Fund to now sign up as a member to the Forum.

MHCLG Guidance on Preparing and Maintaining an Investment Strategy Statement

- 3.3 When making investment decisions, administering authorities must take proper advice and act prudently. In the context of the local government pension scheme (LGPS), a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence. This approach is the standard that those responsible for making investment decisions must operate.
- 3.4 However, the law is generally clear that schemes should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors.

CIPFA Guidance

- 3.5 The Myners Principles were updated in 2008 when the original ten principles were distilled down to six principles. Principle 5 relates to Responsible Ownership and in this context the *CIPFA Guide to the application of the revised Myners Principles* says:-

“Authorities may wish to consider seeking alliances with either other pension funds in general, or a group of local authority pension funds, to benefit from collective size where there is a common interest to influence companies to take action on environmental, social and governance issues. For example, the Local Authority Pension Fund Forum (LAPFF) exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders while promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.”

The Local Authority Pension Fund Forum (LAPFF)

- 3.6 The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of local authority pension funds and membership is open to all Local Government Pension Scheme (LGPS) funds. The Forum:
- Seeks to protect and enhance the value of members shareholdings by optimising LA pension funds’ influence as shareholders on ESG issues and thereby to promote Corporate Social Responsibility and high standards of Corporate Governance
 - Facilitates commissioning of research and policy analysis of issues more effectively than individual members
 - Provides a forum for consultation on shareholder initiatives
 - Provides a forum for information exchange and discussion about any investment issues

- Provides a forum to consider issues of common interest to all pension fund administrators and trustees.
- 3.7 The Forum has 4 business meetings a year plus an AGM and an annual conference with each member fund having one vote at meetings. LAPFF contracts PIRC (Pensions Investment Research Consultants) to supply technical research, advice and assistance on all matters relating to best practice in corporate governance and corporate social responsibility. It also employs a part-time Forum Officer (a former City/County Treasurer) to assist with the promotion of its activities.
- 3.8 The Forum currently has 80 local authority members including 29 English counties; 28 London authorities (including the City of London Corporation and the LPFA); 8 English metropolitan/ unitary authorities; 8 Welsh authorities; 4 Scottish authorities; The Environment Agency and 2 passenger transport authorities and 6 LGPS Pools.
- 3.9 LAPFF member funds now control assets of around £230 billion. The annual subscription for each year commencing on April 1st is £9,500 but this is reduced on a pro rata throughout the year consequently, the fee for the current year (until 31 March 2020 is now reduced by 25% to £7,125
- 3.10 Benefits of membership would include:-
- Supporting shareholder value through engagement and activism on issues relating to ESG issues.
 - Strength in numbers when engaging with companies at the highest level (i.e. Chairperson or other senior board members)
 - Collective and more cost effective approach to research
 - Saving of officer time and cost in researching issues
 - Sharing research costs with 75 Forum member funds
 - Providing a Forum for discussion of any related local government pension fund issue
 - Opportunities for networking with colleagues from all parts of UK and all types of authority
 - Two free places at the LAPFF Annual Conference
 - Facilitating collaboration with other major institutional investor groups both nationally and internationally.
 - The Forum's aims are to provide a customised, cost effective vehicle for local authority pension funds to make their compliance with Myners principle 5 (responsible ownership) more effective.
- 3.11 Membership of LAPFF would further demonstrate the Fund's commitment to socially responsible investment and the promotion of high standards of corporate social responsibility (on environmental, social and governance issues etc) and re-enforce our aim to maximise shareholder value.

4.0 Financial Implications

4.1 If the committee agrees to become a member of the forum the annual cost will be £9,500 (£7,125 in 2019/20) and will be funded by the Pension Fund.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Conrad Hall
Chief Finance Officer

London Borough of Brent Pension Fund

Q1 2019 Investment Monitoring Report

William Marshall, Partner
Caoimhe Bain, Associate Consultant
Kameel Kapitan, Associate Consultant

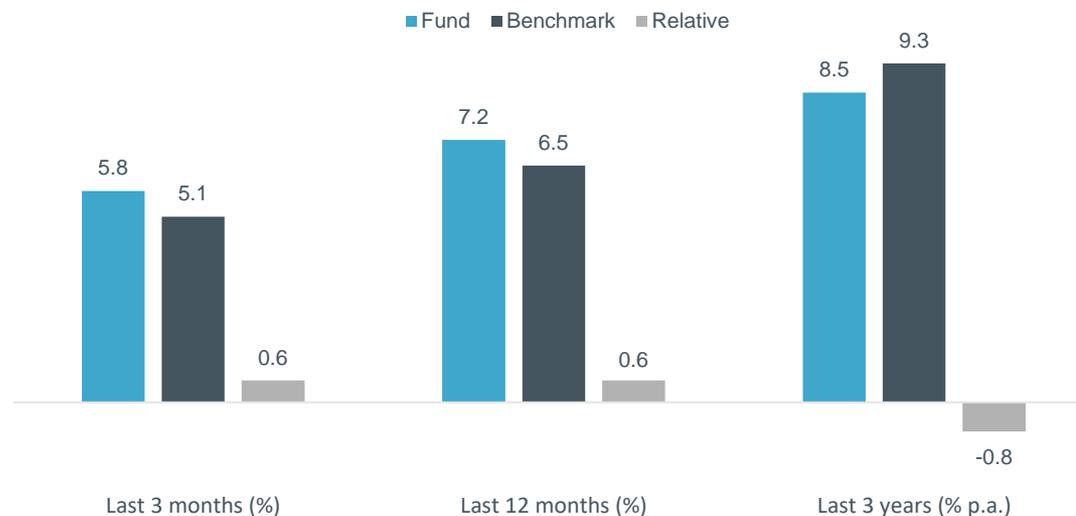
Executive Summary

- Total Fund return ahead of benchmark in the first quarter of 2019
- Over the quarter the fund grew from just under £839m to just over £856m.
- In general the Q1 2019 was a supportive environment for assets:
 - Equity markets returned c10%
 - Credit-spreads rebounded
 - Oil prices stabilised higher
- Key contributors to drive the overall relative outperformance experienced were the two multi-asset growth funds and the reasonably new holding in CQS's multi-asset credit fund.
- Marginally detracting from relative performance were the funds investments in Henderson Emerging Markets and the two infrastructure funds.

Key Actions

- The Fund and Committee continue to monitor the infrastructure offering from the LCIV as a means to increasing their allocation in this asset class.
- As a secondary option, the fund may wish to consider additional commitments to existing managers to build up exposure in the interim.

Performance



Manager Rating Changes

There were no changes to any manager ratings over the quarter.

High Level Asset Allocation

“GrIP”	Current (actual)	Interim Target	Long Term Target
Growth (Equity, DGF)	79.6%**	68.0%	60.0%
Income (Property, Infrastructure)	4.4%	17.0%	25.0%
Protection (Bonds)	16.0%*	15.0%	15.0%

*Includes 2.7% currently held in cash. **Whilst on the journey to its interim and long term targets, its has been agreed that the Fund will hold the excess assets within the growth portfolio, most notably the Baillie Gifford diversified growth allocation.

Asset Allocation

Manager	Valuation (£m)		Actual Proportion
	Q4 2018	Q1 2019	
LGIM Global Equity	280.1	307.5	35.9%
LGIM UK Equity	105.4	115.4	13.5%
Capital Dynamics Private Equity	60.5	58.0	6.8%
Baillie Gifford Multi Asset	114.4	121.5	14.2%
Ruffer Multi Asset	47.1	48.6	5.7%
Henderson Emerging Markets	14.5	30.3	3.5%
Total Growth	622.0	681.2	79.6%
Alinda Infrastructure	27.8	25.6	3.0%
Capital Dynamics Infrastructure	11.7	11.4	1.3%
Aviva Property	0.3	0.2	0.0%
Total Income	39.7	37.3	4.4%
Henderson Total Return Bonds	91.6	0.0	0.0%
CQS Multi Credit	17.8	35.5	4.1%
BlackRock UK Gilts Over 15 yrs	0.0	78.7	9.2%
Total Protection	109.4	114.2	13.3%
Cash	67.5	23.5	2.7%
Total Scheme	838.7	856.2	100.0%

- Over the first quarter of 2019 further key strategic changes were implemented as the Fund journeys towards the agreed interim target:

- Full divestment from Henderson's Total Return Bonds
- Secondary allocation of c£15m to Henderson's EM equity fund
- Secondary allocation to the LCIV MAC Fund (CQS)
- Full allocation to BlackRock's long term UK Gilts fund

- Interim Target:

- Growth: 68%
- Income: 17%
- Protection: 15%

- Long term Target:

- Growth: 60%
- Income: 25%
- Protection: 15%

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Key Actions

With the numerous changes to the strategic allocations in recent months there are no expected divestments or new investments in the next quarter.

However, over the next few quarters the Fund expects to (preferably via the LCIV offerings depending on timescales):

- Increase its allocation to infrastructure
- Increase its exposure to property

- Total Fund return was marginally ahead of benchmark/target for Q1 2019 by 0.7% as investments combined to deliver an absolute return of 5.8%.
- A rebound in equity markets saw strong positive returns in line with benchmark from LGIM's two equity mandates.
- Emerging market equities (Henderson) returned positively at 4.2% over the quarter but lagged behind benchmark and target due to its more defensive position.
- The Funds new holding in CQS's multi-asset credit provided a positive start with absolute performance of 2.7%.
- Despite, underperformance over the quarter from the Fund's infrastructure holdings, their relatively low proportion of the Fund's holdings resulted in minimal impact on overall performance.
- No performance is reported for Henderson's Total Return Bonds fund due to its complete sale in the quarter.
- No performance is also reported for the Fund's new allocation to BlackRock's over 15 yr UK Gilt fund due to the transition only being completed in March 2019. Performance figures will however be reported next quarter.

Fund performance

	Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
LGIM Global Equity	9.8	9.8	0.0	12.1	12.1	0.0	15.3	15.3	0.0
LGIM UK Equity	9.4	9.4	0.0	6.5	6.4	0.1	9.7	9.5	0.2
Capital Dynamics Private Equity	0.0	1.9	-2.0	20.8	8.0	11.9	16.4	8.0	7.7
Baillie Gifford Multi Asset	6.1	1.1	5.0	5.8	4.2	1.5	5.1	4.0	1.1
Ruffer Multi Asset	3.2	1.1	2.1	-0.6	4.2	-4.6			
Henderson Emerging Markets	4.2	7.4	-3.0						
Income									
Alinda Infrastructure				-3.6	8.0	-10.7	-5.5	8.0	-12.5
Capital Dynamics Infrastructure				36.5	8.0	26.4	6.6	8.0	-1.3
Protection									
CQS Multi Credit	2.7	2.5	0.2						
Total	5.8	5.1	0.6	7.2	6.5	0.6	8.5	9.3	-0.8

- Over the quarter we undertook a suitability study of CQS, the LCIV's multi-asset credit manager. As a result, we have updated their rating to 'Suitable' as shown by the chart on this page.
- Over the quarter we downgraded our manager rating for Janus Henderson's Emerging Market fund from 'Positive' to 'Negative' (see note below chart).
- All other manager ratings remain consistent with last quarter.

Manager ratings

Manager	Mandate	Hymans Rating
LGIM	Global Equity	Preferred
LGIM	UK Equity	Preferred
Capital Dynamics	Private Equity	Suitable
Baillie Gifford	Multi Asset (LCIV)	Preferred
Ruffer	Multi Asset (LCIV)	Preferred
Janus Henderson	Emerging Markets (LCIV)	Negative
CQS	Multi Credit (LCIV)	Suitable
Alinda	Infrastructure	Not Rated
Capital Dynamics	Infrastructure	Not Rated
Aviva	Property	Suitable
Janus Henderson	Total Return Bonds	Positive

Janus Henderson business update

Over the quarter Janus Henderson announced that its Head of Emerging Market Equities, Glen Finegan, had resigned from the firm. He has been placed on gardening leave and will leave the firm in mid-October. In addition, the remaining emerging markets team will leave the firm at the end of November. Janus Henderson is currently recruiting for a new team.

As a result of these changes, we have downgraded our research rating for Janus Henderson's Emerging Market fund from 'Positive' to 'Negative'.

LGIM business update

LGIM has announced the appointment of Michelle Scrimgeour as its new CEO, succeeding Mark Zinkula when he retires later this year. This appointment is subject to regulatory approval. Scrimgeour is currently CEO for EMEA at Columbia Threadneedle Investments and has 30 years' experience at major asset-management firms. Prior to joining Columbia Threadneedle in 2017, she was Chief Risk Officer ("CRO") at M&G Investments. Scrimgeour joined M&G in 2012 from BlackRock and was a member of the Executive Committee at BlackRock, overseeing the integration of BlackRock and Barclays Global Investors in London.

Our initial view is that given LGIM's predominantly passive business, Scrimgeour's previous roles seem relevant to the more operational aspects of investment management, so could be a good fit with LGIM's passive heritage. Nonetheless the appointment is a sizeable step up in terms of scale of the business and breadth of responsibility (in under three years, she will have progressed from CRO to CEO).

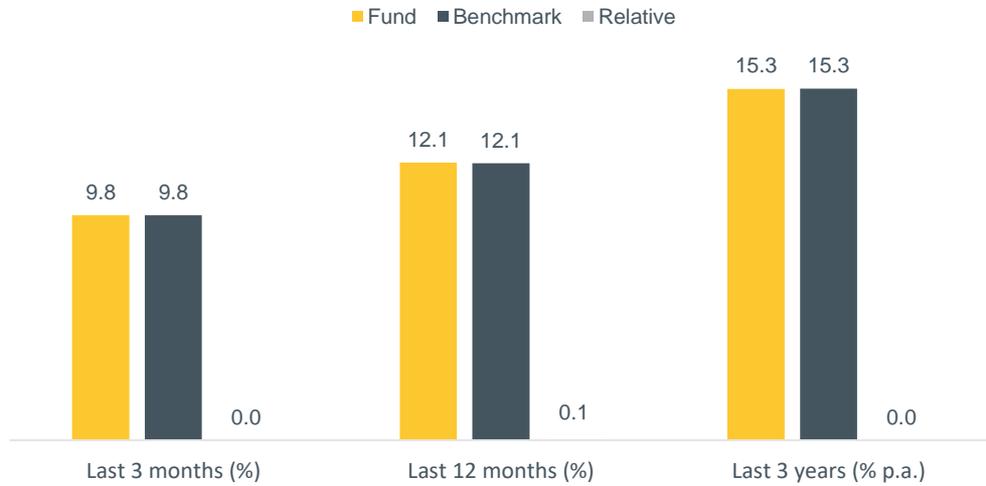
In addition, LGIM has announced that its CRO, Simon Pistell, is to take up another risk role within the wider Legal & General Group. LGIM will wait for Scrimgeour to join later in the year before undertaking a process to hire Pistell's replacement, with Claire Wallace acting as Interim CRO in the meantime.



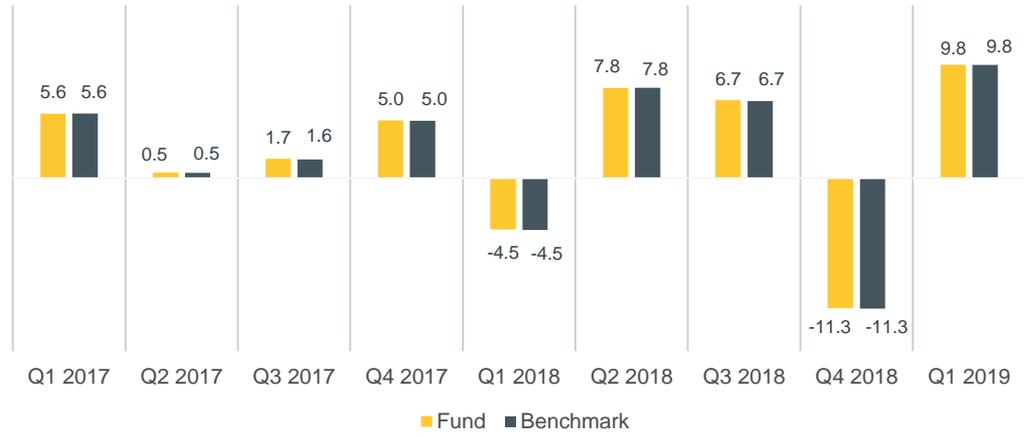
LGIM Global Equity

- Global equity markets performed strongly in the first quarter of 2019 rebounding from the fall experienced at the end of 2018.
- Consistent with expectations, LGIM's Global Equity mandate matched its benchmark over the quarter, delivering a positive absolute return of 9.8%.
- Despite signs of slowing global growth, the new year brought a more optimistic tone across equity markets as global central banks, led by the US Fed, adopted looser monetary policy stances at the start of 2019.
- There was a reversal in fortune for the funds top two technology holdings (Microsoft Corporation and Apple Inc) with returns of 16% and 20% respectively.
- The funds proportion of financial stocks (c20%) however would have detracted from overall return. This sector typically reacts negatively to a lower interest rate outlook.
- We continue to rate LGIM as "preferred".

Fund performance vs benchmark/target



Historical Performance/Benchmark

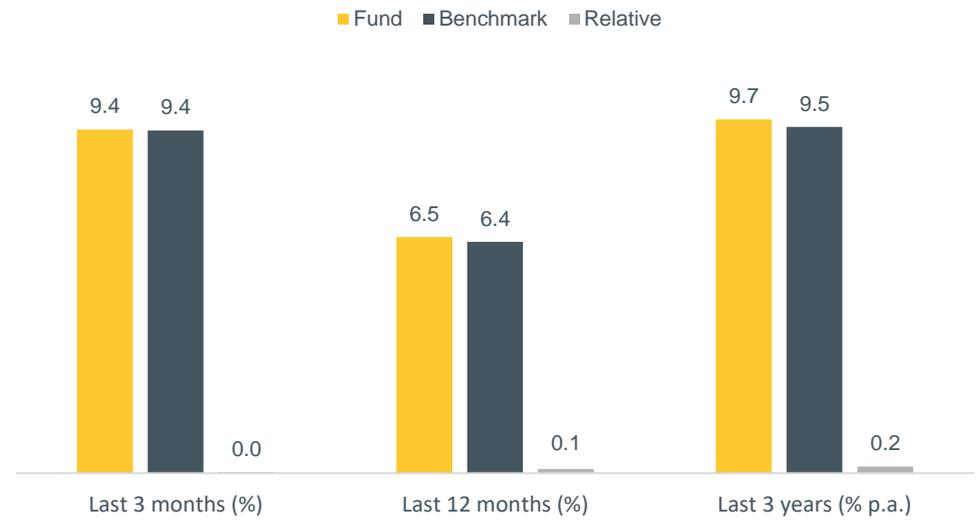




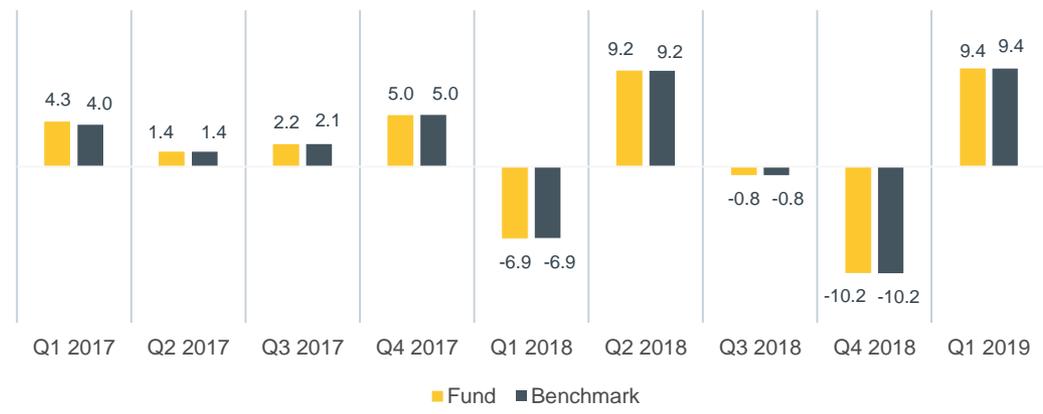
LGIM UK Equity

- The LGIM UK equity fund returned in line with benchmark over the quarter delivering an absolute return of 9.4%.
- Investor sentiment seemed to be buoyed over the quarter as a vote to reject a “no deal” Brexit and an extension of Article 50 were perceived to reduce the risk of a hard Brexit.
- This return was in spite of the above providing a headwind in the form of a stronger Pound Sterling which would have served to dampen returns for the internationally biased FTSE index.
- Contributing to positive performance in the index was the Oil and Gas sector, specifically holdings in BP and Royal Dutch Shell whose share price was supported by an increase in oil price in the quarter.
- We continue to rate LGIM as “preferred”.

Fund performance vs benchmark/target



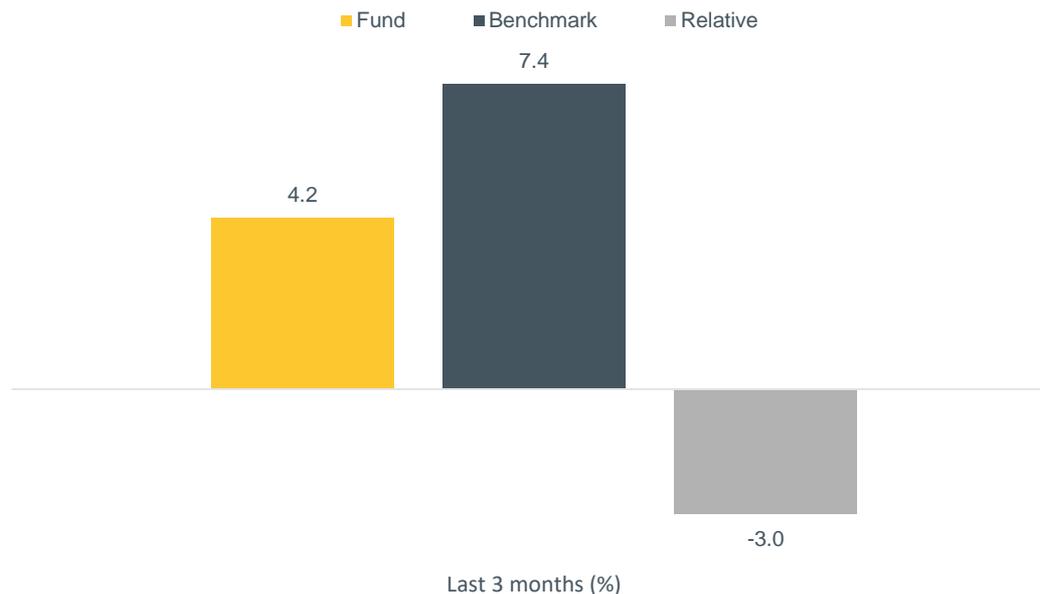
Historical Performance/Benchmark



Henderson Emerging Markets

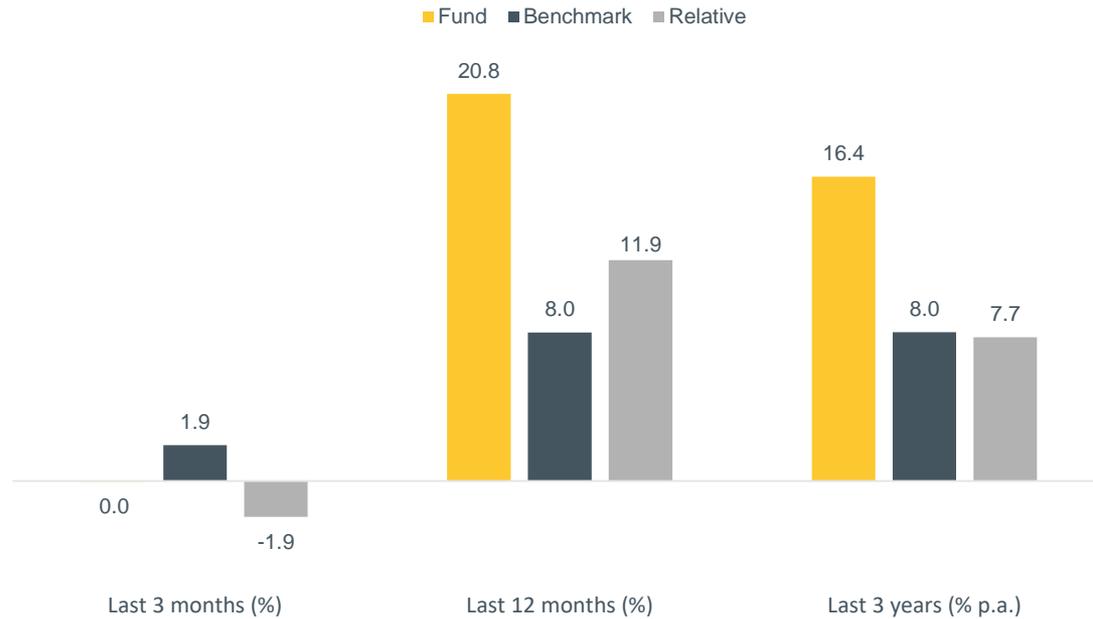
- This is the first full quarter performance information available since the London Borough of Brent allocated to this fund in November 2018.
- The funds objective is to outperform the MSCI emerging market index by 2.5% p.a.
- Henderson's Emerging Markets fund produced a positive absolute return of 4.2% however this was behind benchmark of 7.4%. In addition, short term performance lags behind target, although relative performance is best assessed over the longer term. One quarter is too short a period to provide valuable insight.
- One of the key detractors from relative performance was the underweight position (zero weight) in technology companies such as Alibaba and Tencent which performed well over the quarter.
- In addition, its underweight position in China hurt relative returns, as the market rallied on US-China trade talks and some stabilisation in oil prices.
- Since 31 March 2019 US-China trade tensions have heightened so such a underweight position may benefit the fund in future.
- We have downgraded the rating for this fund to 'Negative'. Please see 'Manager Ratings' section for a further update.

Fund performance vs benchmark/target



Capital Dynamics Private Equity

Fund performance vs benchmark/target



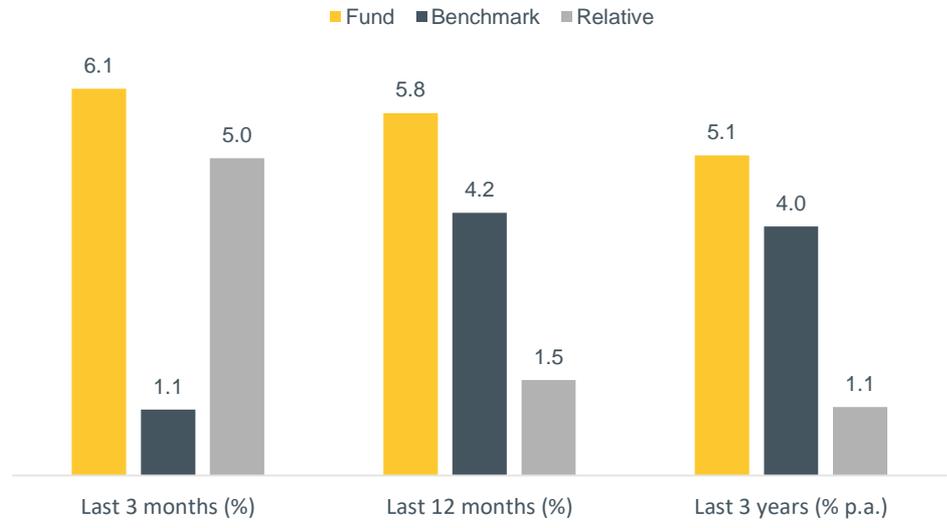
- Capital Dynamics invests Brent commitment across a number of different funds providing a well diversified portfolio by geography and style.
- Target: Deliver absolute return of 8.0% p.a.
- Assessing short and medium term performance of private markets can be a challenge. The comments below are based on numbers available to us.
- Capital Dynamics PE fund returned flat over the first quarter of 2019. This was significantly lower than its target of 1.9%.
- However, over a 3 year timeframe annualised return remains strong and ahead of target. Fund return has been 16.4% versus its 8% p.a. target.
- Six distributions were made over Q1 2019 for the following amounts:
 - USD 525,000
 - USD 1,034,000
 - USD 1,204,000
 - EUR 225,000
 - EUR 1,002,000
 - EUR 1,540,000



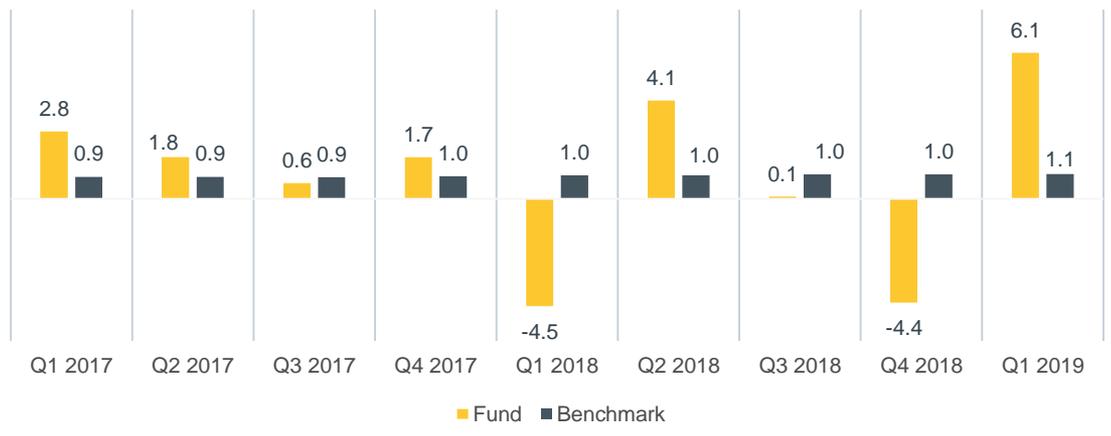
Baillie Gifford Multi-Asset

- Target: Base Rate + 3.5% p.a.
- Baillie Gifford's multi-asset growth fund returned 6.1% in Q1 2019.
- This strong quarter has boosted longer term performance which is now ahead of target. Over a 3 year period, annualised returns are 5.1% versus a current target of 4.0%.
- The fund benefited from certain manager actions taken over the quarter:
 - An increased allocation to emerging markets companies, in particular Chinese companies. China rallied in the first quarter as trade tensions with the US eased.
 - An increase in exposure to European high yield credit which performed well over the quarter as spreads tightened.
- In holding this allocation, the Fund benefited from a quarter where almost all asset classes benefits from a supportive environment.
- Baillie Gifford believe they are well positioned to perform well in a period of moderate growth and inflation.
- We continue to rate Baillie Gifford as 'Preferred'.

Fund performance vs benchmark/target



Historical Performance/Benchmark

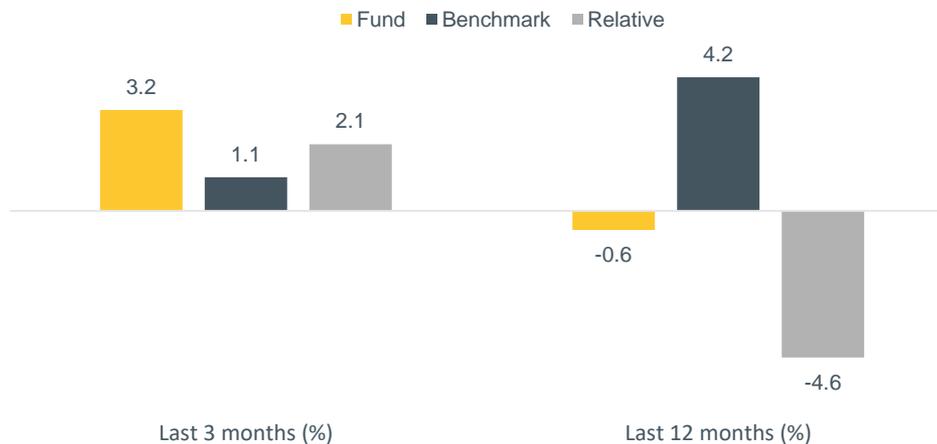


Ruffer Multi-Asset

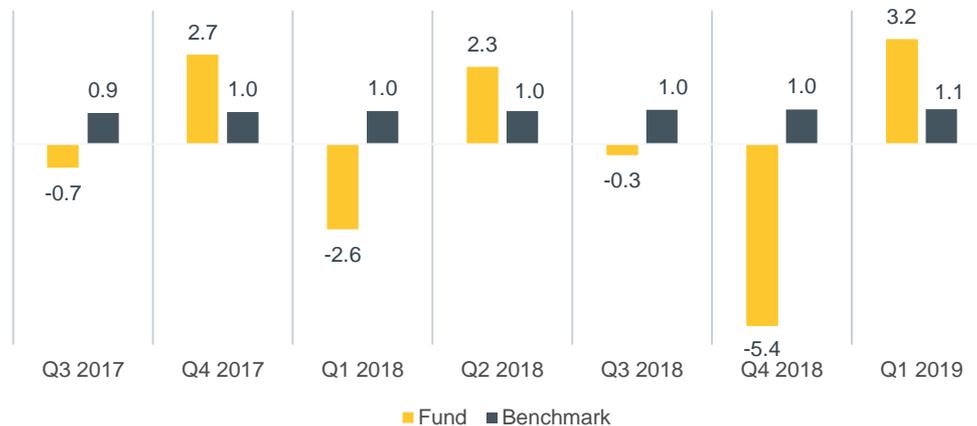
- Target: Base Rate + 3.5% p.a
- In the first quarter of 2019, the Ruffer Multi-asset fund generated an absolute return of 3.2%, comfortably ahead of its base rate + 3.5% p.a. of 1.1%.
- In holding this allocation, the Fund benefited from a quarter where almost all asset classes benefits from a supportive environment.
- The funds c40% holdings in fixed income over the period was one of the key contributors to its positive performance as yields fell over the quarter. In particular, US index-linked bonds returned significantly due to increased inflationary expectations following the Fed's dovish monetary policy stance.
- Over the quarter the manager made a strategic allocation change by increasing exposure to European equity based on the view that its US counterparts valuations appear stretched.
- The key detractor from overall performance was the funds equity protection strategy which is in place to provide downside protection from an equity market fall. In a quarter where equity market rallied, such a holding serves to place a drag on performance.

- We continue to rate Ruffer as 'Preferred'

Fund performance vs benchmark/target



Historical Performance/Benchmark

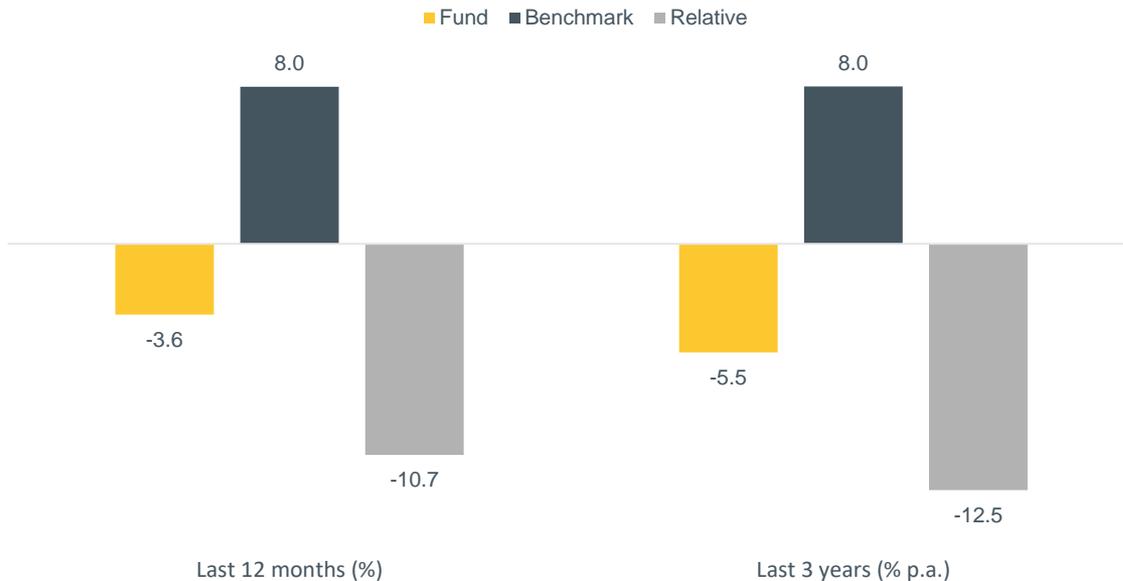




Alinda Infrastructure

- The Fund is invested in two fund with Alinda, Alinda II and Alinda III. Target absolute return is 8.0% p.a.
- Over the quarter, there were no new investments made in the Alinda II fund. Remaining capital commitment still to be drawn is just under \$4m.
- The Alinda III fund increased its commitment level over the quarter to 75%. It completed its 7th acquisition of the fund in the form of a telecom venture in Missouri, United States. Following this commitment, we anticipate there remains around \$10m still to be drawn.
- Following discussions with the manager, we are not aware of any capital calls being made in the next quarter.
- The manager expects the Alinda III fund to deliver 12.2% cash yield per annum for the next 5 years.
- Assessing short and medium term performance of private markets can be a challenge. The return figures are based on numbers available to us.
- Most recent distributions:
 Alinda II: £6,212,201
 Alinda III: £1,333,442

Fund performance vs benchmark/target

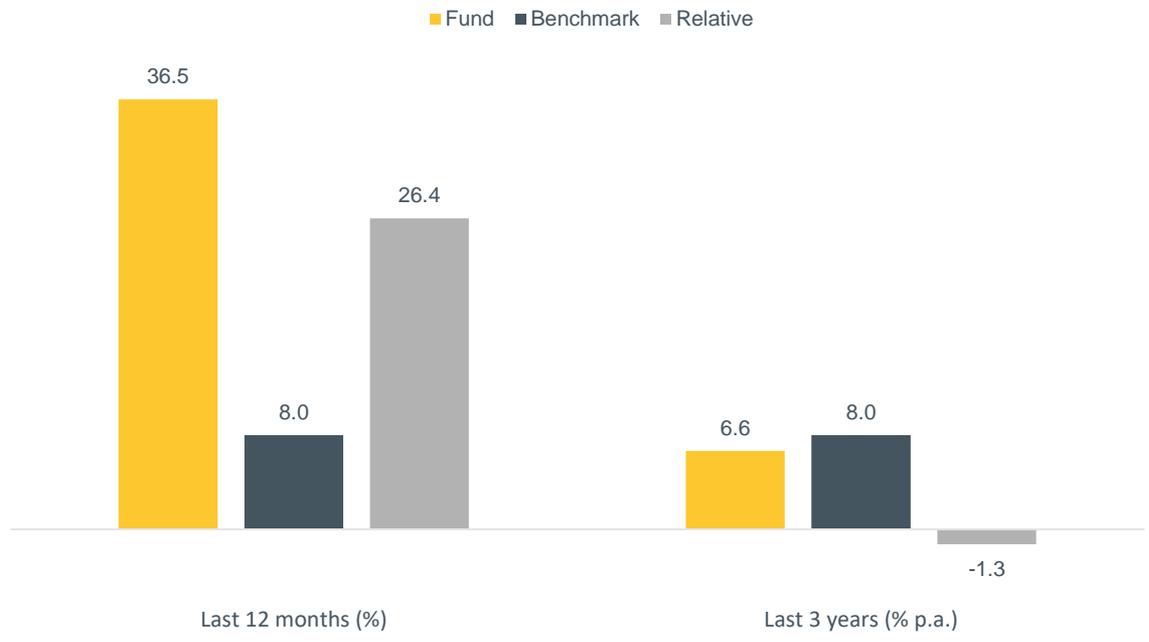




Capital Dynamics Infrastructure

- The Fund's holdings are currently solely held within Capital Dynamics Clean Energy and Infrastructure Fund.
- Target: Absolute return of 8.0% p.a.
- No investments were made over the quarter. Of the original capital commitment of \$15m, \$14.67m has been committed.
- We are not aware of any expected commitments over the next quarter.
- Note, infrastructure is a long term investment and short term volatility is to be expected as funds are gradually drawn down. Over the longer term however, we should expect more stable, predictable returns.

Fund performance vs benchmark/target

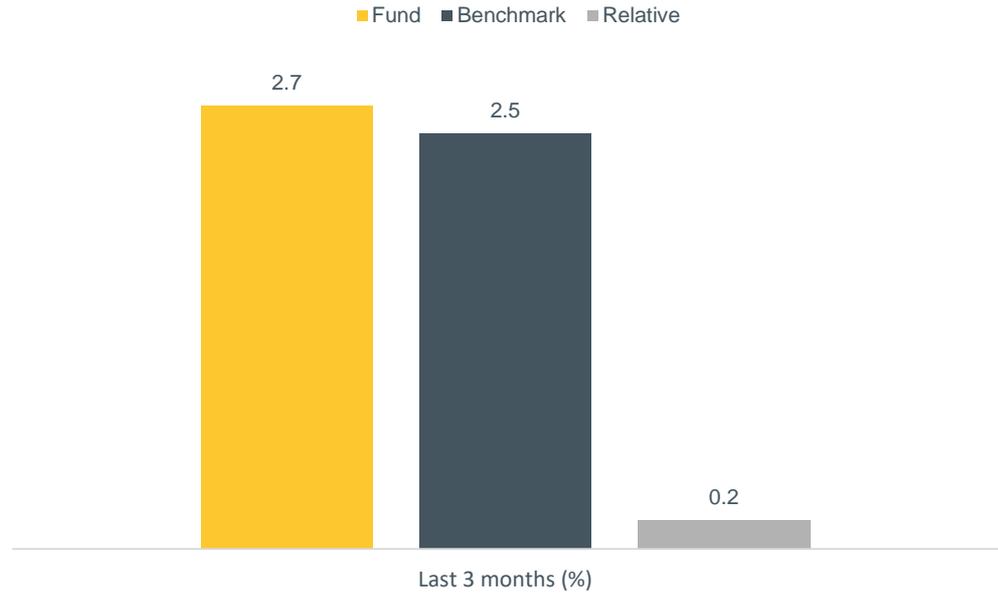




CQS Multi Credit

- CQS forms part of the London CIV's multi asset credit offering
- CQS's objective is to return LIBOR + 4.5% p.a. over a rolling 4 year period.
- As part of its strategic allocation journey to a more diversified portfolio, the Fund increased its allocation to the CQS multi-asset credit fund over the quarter.
- Over the period the fund outperformed delivering a absolute return of 2.7% against a target of 2.5%
- One of the key drivers of performance over the quarter was the mangers weighting in loans (over 50%), in particular the US loan market. The US loan market achieved its highest quarterly return since the first quarter of 2010.
- We undertook a suitability study of CQS over the quarter resulting in a manager rating of CQS of 'Suitable'.

Fund performance vs benchmark/target



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Global GDP growth continued to slow in the fourth quarter with consensus forecasts for 2019.

Despite a slowdown in US GDP growth, the US has proved more resilient compared to Europe where the German economy has stalled, and Italy has fallen into a recession for the first time since early 2013.

In the UK, Brexit risk continued to hamper business investment with GDP growth decelerating to 0.2% in Q4 from 0.7% in Q3 2018. However, in Q1 2019 this was estimated to have increased by 0.5%.

Despite signs of global growth slowing, the new year has brought a more optimistic tone across equity markets. Following their worst quarterly decline since 2011 in Q4 18, stock markets have rebounded strongly with global equities up 12.3% in local currency terms.

North America was the best performing region, whilst Japanese equities lagged as the market's high exposure to global trade continued to weigh on sentiment.

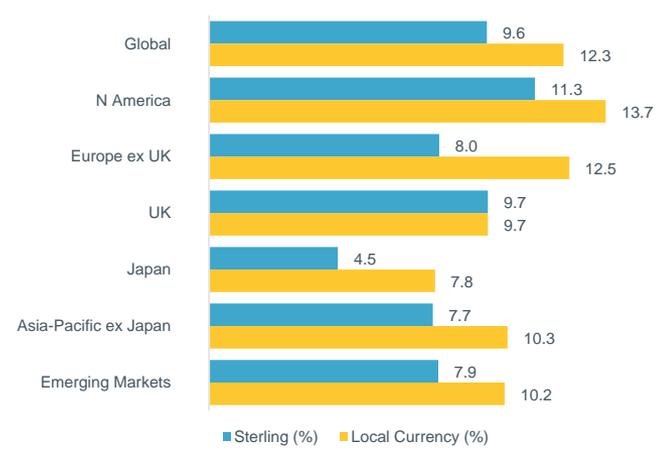
The FTSE All Share returned 9.4% over the quarter despite the strength of sterling being a headwind for the globally exposed larger cap names in the index.

At a sector level, the bounce back in risk assets reversed the trend seen in Q4 as cyclical stocks outperformed more defensive sectors.

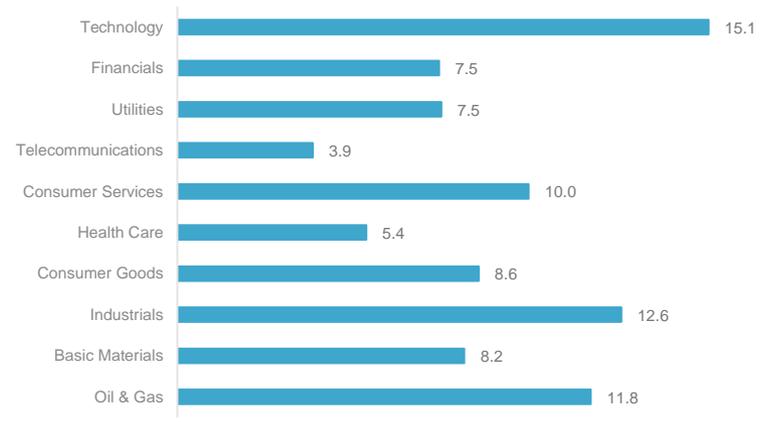
Historic returns for world markets



Regional equity returns



Global sector performance



^[1]All returns are in Sterling terms. Indices shown (from left to right) are as follows: FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, S&P/IFCI Composite, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds, MSCI UK Monthly Property Index; UK Interbank 7 Day. ^[2]FTSE All World Indices. ^[3]Relative to FTSE All-World Index.

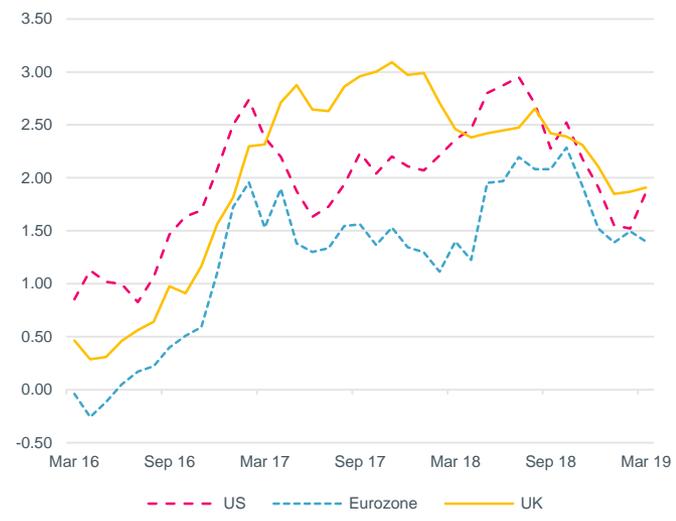


The beginning of 2019 has seen rental growth remain flat, across all sectors, in the UK property market. Property rents increased marginally in February following two months of small declines. The growth in industrial capital values, which is now slowing, remains insufficient to offset the falling capital values in the retail and office markets. Brent crude stabilised at around \$67 towards the end of the quarter, compared to \$53 at the end-2018, but its sharp decline in the fourth quarter of 2018 has weighed on inflation expectations – consumer price inflation expectations for 2019 have been revised lower in most major developed economies except Japan.

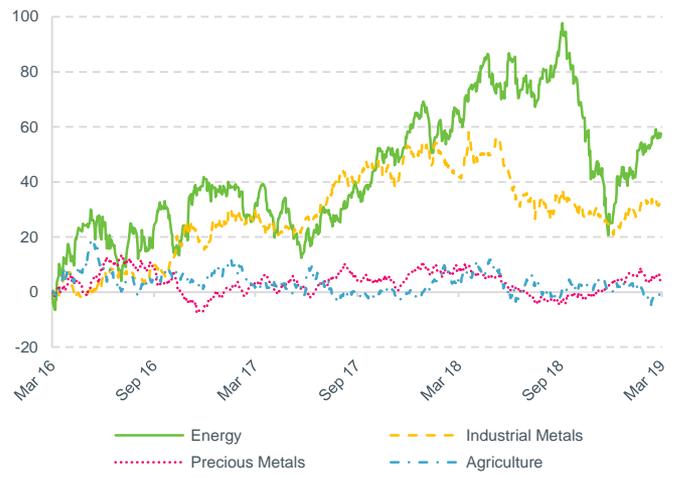
The slowdown in global growth and continued absence of inflationary pressures has seen central banks adopt a more dovish stance with the Federal Reserve suggesting that no further rate hikes will take place this year and the ECB indicating no interest rate hikes until 2020. Conventional and index-linked gilt yields fell over the quarter with UK real yields hitting record lows.

Credit markets rebounded strongly from the sharp declines at the end of last year, perhaps an indication that investors are more relieved by the perceived end to monetary tightening than they are concerned by the slowdown in global economic growth. Sub investment grade credit markets outperformed investment grade markets as they benefited from signs of positive developments in the US-China trade talks, some stabilisation in oil-prices, and negative net issuance.

Annual CPI Inflation (% p.a.)



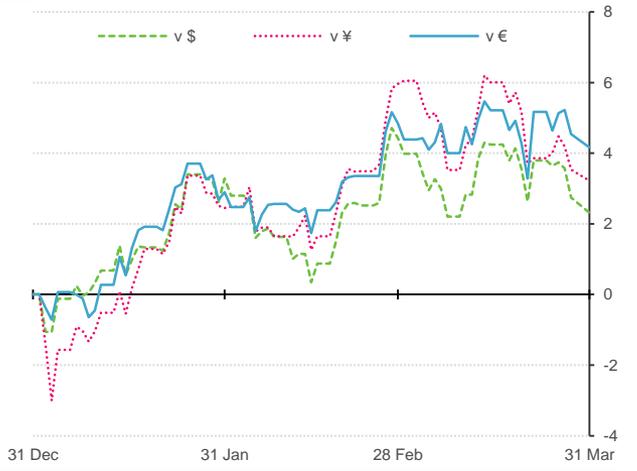
Commodity Prices



Gilt yields chart



Sterling trend chart (% change)



Source: Reuters

Appendix

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

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Hymans Rating System	
Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Responsible Rating System	
Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

 <p>Brent</p>	<p>Pensions Fund Sub-Committee 29 May 2019</p>
	<p>Report from the Chief Finance Officer</p>
<p>Brent Pension Fund: Draft Annual Report and Accounts 2018/19</p>	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	1 - Annual Report and Accounts 2018/19
Background Papers:	<ul style="list-style-type: none"> ▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

1.1 This report presents the draft Pension Fund Annual Report and Annual Accounts for the year ended 31 March 2019.

2.0 Recommendation(s)

2.1 The Committee is recommended to note this report.

3.0 Detail

3.1 Attached as appendix 1 are the draft Pension Fund Annual Report and Accounts for the year ended 31 March 2019

3.2 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) governing the preparation of the 2018/19 financial statements for Local Government Pension Scheme funds. The accounts (which are unaudited) aim to give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2019 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2019.

3.3 The main items to note are as follows:

- During 2018/19, the value of the Pension Fund's investments has increased to £865m (2017/18 £801m). This is due to the strong performance of the equity markets in comparison to the previous year.
- Total contributions received from employers and employees were £52.1m for the year, an increase on the previous year's £49.9m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £46m, an increase on the previous year's £39m.
- As in 2017/18, the Council is in a positive cash-flow position because its contributions exceed its outgoings to members.

4.0 Financial Implications

4.1 Not applicable.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Conrad Hall
Chief Finance Officer

 <p>Brent</p>	<p>Pension Board 13 June 2019</p> <hr/> <p>Report from the Chief Finance Officer</p>
<p>2019 Triennial Valuation</p>	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

1.1 The purpose of this report is to update the Board on the 2019 Pension Fund Valuation.

2.0 Recommendation(s)

2.1 The Committee is asked to note the report.

3.0 Detail

3.1 Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund. Its purpose is to value the assets and liabilities of each individual employer and the pension fund as a whole, with a view to setting employer contribution rates which will result in each employer's liabilities becoming as close to fully funded as possible over the agreed recovery period outlined in the Funding Strategy Statement (FSS).

3.2 The FSS sets out the underlying assumptions and principles that are adopted when valuing the Fund's liabilities and setting contribution rates. The FSS also

addresses the fact that different employers within the fund have different objectives and it includes the overall time horizon for the funding plan.

3.3 Some of the key assumptions in the valuation process are detailed below. These will be reviewed as part of the valuation process.

- The discount rate – this is the interest rate we can assume to achieve in the future. This affects how much money the Fund needs to hold now;
- Future price inflation;
- The probability and circumstances that pensions will be paid;
- How long pensions will be paid for.
- Other demographic assumptions – such as the number of members that are married.

3.4 Below is an indicative timeline for the valuation process which will commence in July 2019, following the completion of the data cleanse project by LPP:

Date	Event
12 July 2019	Provision of data to the Fund actuary by LPP on behalf of the scheme manager.
Early August 2019	Sign off for data submitted by the Fund actuary.
02 October 2019	Sub-committee meeting - Provision of initial whole fund results, compASS results and employer contribution strategy proposal (draft FSS).
Early October 2019	Issue employer results together with draft Funding Strategy Statement for formal consultation.
27 November 2019	Sub-committee meeting - Provision of valuation results for employers and proposed contribution rates. Finalisation of FSS following employer consultation.
25 February 2020	Sign off 2019 valuation report and FSS.
01 April 2020	Implementation of new FSS and contribution rates.

3.5 The previous valuation, conducted in 2016 showed that the Brent Pension Fund had a low funding position of 55% and had set contribution rates accordingly whilst maintaining the deficit recovery period. This was 22 years at the 2013 valuation, 19 years at the 2016 valuation and it is envisaged, subject to the outcome of the 2019 valuation, that deficit recovery period will reduce to 16 years.

3.6 The Government Actuary Department (GAD) have also been reviewing the funding valuations of LGPS funds. In June 2018, Brent was flagged by the GAD for its funding level. However, overall it was not a significant cause for concern as the fund had set appropriate contribution levels, demonstrated a reducing deficit recovery period between valuations and adopted reasonable actuarial assumptions.

- 3.7 Whilst the results of the valuation cannot be pre-empted, given the increasing scrutiny on LGPS funds, from GAD, The Pensions Regulator and the Scheme Advisory Board, this valuation is likely to maintain the existing strategy. The current strategy does not envisage any reductions in contributions rates as this would be imprudent and likely to create issues with GAD and the other regulators. Further modest increases in the contribution rate may be required however the Fund will have to wait until the results of the valuation for this to become clearer.
- 3.8 Brent Council, in its role as the administering authority, will be assisting employers through this process. Support will be provided in the form of employer forums and training. The Fund will consult with employers through the valuation process and the draft employer results and FSS will be issued for formal consultation. This is currently anticipated for early October 2019. There will also be the opportunity to arrange 1-1 meetings with the actuary and Brent officers.
- 3.9 Complete and accurate membership data is critical in ensuring the valuation results are accurate. If the Fund actuary is concerned about the quality of the underlying data, they will usually add a margin of prudence into their assumptions to accommodate data inaccuracies. This could mean that participating employers may have to pay contribution rates that are not directly related to the underlying liabilities.
- 3.10 Following the transition of pension administration from Capita to LPP, a separate project was commissioned to cleanse common and scheme specific data ahead of the Triennial valuation. The project is due to be completed by the end of June ahead of the provision of data to the actuary.
- 3.11 Significant progress has been made since the start of the project. Of the 14 separate work streams within the project, as at 30/04/2019, 3 had been completed, 10 were in progress and 1 was yet to be actioned. The project is on track and is scheduled to be completed on time. As this relates to matters of pensions administration, the project is being closely monitored by the Pension Board.

4.0 Financial Implications

- 4.1 These are discussed throughout the report.

5.0 Legal Implications

- 5.1 Not applicable.

6.0 Equality Implications

- 6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Conrad Hall
Chief Finance Officer

 Brent	Pension Board 13 June 2019
	Report from the Chief Finance Officer
Review of Additional Voluntary Contributions	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt – Appendix 1 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)”
No. of Appendices:	1 – Review of AVC Arrangements
Background Papers:	<ul style="list-style-type: none"> ▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

1.1 The purpose of this report is to review and recommend changes to current arrangements for Additional Voluntary Contributions (AVCs) which are provided in addition to the main Local Government Pension Scheme.

2.0 Recommendation(s)

2.1 That Members of the Committee approve the LGPS specific AVC lifestyle strategy following the closure of the current lifestyle option and changes to the self-select fund range outlined in paragraphs 3.6 – 3.8 of the report.

3.0 Detail

3.1 Additional Voluntary Contributions (AVCs) are potentially a tax efficient way to save money for your retirement in addition to the main Local Government Pension Scheme, allowing members to retire early or with a higher pension.

- 3.2 AVCs are a flexible way of saving for retirement and are invested in funds, so they have the potential to grow over time. It is important to note that AVC's are separate from the Brent Pension Fund and these investments are not assets of the Fund. The Fund has appointed Prudential as its AVC provider.
- 3.3 As of March 2019, there were 35 members with AVC investments with Prudential, of which 6 members had paid contributions in the period since 1 January 2019.
- 3.4 Prudential have announced the closure of the lifestyle option in 2019 and the Fund must decide on a new lifestyle strategy for those members currently invested and to be available for new members in future. In light of this announcement, the Fund commissioned its investment advisors, Hymans Robertson, to review the lifestyle option in place in light of the changes to lifestyle options being proposed by Prudential. This report is attached in Appendix 1.
- 3.5 It is recommended that the present lifestyle option, where AVCs are invested 100% in a passively managed UK equity fund up to 7 years to retirement and progressively switched from equities to gilts within 7 years of retirement, is discontinued.
- 3.6 It is recommended that the new lifestyle option outlined in Appendix 1 - Section 3, should be adopted as the new option available to members.
- 3.7 This is a LGPS specific AVC lifestyle strategy which better manages investment risks for the typical LGPS AVC member:
- AVC members often build-up large AVC savings by their 50s;
 - Most members will take their AVCs as 100% cash at retirement; and
 - Members' retirements may not take place on their normal retirement date.
- 3.8 In conjunction with this change in the lifestyle option, it is recommended to make the following changes to the self-select fund range in order to ensure the that choice of funds complements the lifestyle option and the range caters for members wanting to take a more active interest in where their AVCs are invested:
- Replace the Prudential Global Equity Fund with the Blackrock (30:70) Global Equity Index Fund used in the new lifestyle option;
 - The addition of the HSBC Islamic Global Equity Fund;
 - The addition of the Prudential/M&G UK Property Fund;
 - The removal of the long dated gilt fund;
 - The addition of the Prudential/M&G All-Stocks Corporate Bond Fund;
 - Replace the Discretionary Fund with the Prudential Dynamic Growth II and IV Funds used in the new lifestyle option.

Further information regarding these recommended change to the self-select fund range are outlined in Appendix 1 - Section 4.

3.9 All Prudential AVC members will be directly informed of the changes to the lifestyle and self-select funds. In conjunction with these changes, appropriate consideration will be given to the treatment of members' existing AVCs invested in the current lifestyle option, and any self-select funds that are to be closed.

4.0 Financial Implications

4.1 These are discussed throughout the report.

5.0 Legal Implications

5.1 The administering authority of the LGPS has a duty to ensure that AVC provision offered is such that it provides financial security as well as competitive investment and administrative performance. Members will therefore need to consider whether the changes proposed to the AVC lifestyle strategy and to the self-select fund range as outlined in paragraphs 3.6 – 3.8 meet such requirements.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Conrad Hall
Chief Finance Officer

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