

	<b>Pension Board</b> 02 November 2021
	<b>Report from the Director of Finance</b>
<b>LGPS Update</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	Four Appendix 1 - Distribution of Death Grant Appendix 2 - LGPC Bulletin – July 2021 Appendix 3 - LGPC Bulletin – August 2021 Appendix 4 - LGPC Bulletin – September 2021
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst Rubia Jalil, Finance Analyst

## 1.0 Purpose of the Report

1.1 The purpose of this report is to update the Pension Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund.

## 2.0 Recommendation(s)

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

## 3.0 Detail

### TPR Automatic enrolment detailed guidance

3.1 In June 2021, the Pensions Regulator (TPR) updated its Automatic enrolment detailed guidance. The guidance has been updated to remove:

- Out of date content relating to an employer's staging date;
- The effect on the qualifying person exception as a result of the changes to the cross-border pension requirements following the UK's exit from the EU.

### **Death grant distribution legal opinion**

- 3.2 The LGA have informed administering authorities about what information must be provided when paying a death grant. In their view, those receiving a death grant should be told:
- The total death grant and how it is calculated;
  - What proportion of the death grant has been awarded to them; and
  - Where a person who has made a claim against the death grant but has not been awarded any payment must be told of that decision.
- 3.3 Every person whose rights or liabilities are affected by a decision under regulation 72 (first instance decisions) must be notified of it in writing by the body which made it as soon as is reasonably practicable after the decision is made.
- 3.4 A notification of a decision that the person is not entitled to a benefit must contain the grounds for the decision.
- 3.5 A notification of a decision about the amount of a benefit must contain a statement showing how it is calculated.
- 3.6 Every notification must contain a conspicuous statement giving the address from which further information about the decision may be obtained.
- 3.7 Every notification must also:
- Specify the rights available under regulations 74 (applications for adjudication of disagreements) and 76 (references of adjudications to administering authority);
  - specify the time limits within which the rights under those regulations may be exercised; and
  - specify the job title and the address of the person appointed under regulation 74(1) to whom an application may be made.
- 3.8 Administering authorities to review and update their processes and standard correspondence to ensure that they provide the correct information to those receiving a share of a death grant, and those who have made a claim but do not receive a share of the death grant.

### **McCloud Case**

- 3.9 At the August 2020 Pension Board meeting, Brent officers updated Board members on the McCloud case. In summary, the remedy extends the 'transitional protections' underpin (that was promised to active members in

2012 who were within 10 years of normal retirement age) to all other active members, regardless of age.

3.10 The LGPS Scheme Advisory Board have written to the government on 18<sup>th</sup> August 2021 regarding the McCloud remedy and the cost management process. In summary, the Board considered the inclusion of McCloud costs in the process and agreed the following recommendations:

- To use a spread period of 10 years for McCloud costs, this being the point at which 60% of qualifying members are expected to have left the scheme;
- Agree that, subject to final figures from GAD indicating a small shortfall in costs against the 19.5% target, a recommendation to change benefits would not be made under this process;
- This would be in part a recognition that having to backdate any changes to April 2019 would be an additional burden on already overstretched administration teams.

3.11 On a related matter it has come to the Board's attention that the Home Office has provided funding to Fire Authorities in respect of the costs of enhancements to pension administration systems necessary to deliver the McCloud remedy. The board have asked that a similar arrangement is made available to LGPS administering authorities.

#### **Exit Payment Data**

3.12 On 2 July 2021, MHCLG published local authority exit payments covering payments made by English authorities in 2019-20 and 2020-21. This is the first summary of the exit payment data submitted by councils.

3.13 The data shows the average exit payment made in 2020-21 across English local authorities was £26,000.

3.14 On 30 July 2021, the data was updated to incorporate data submitted by employers since the first estimates were published at the beginning of July 2021 and to cover payments made by English authorities from 2014-15 to 2018-19.

#### **4.0 Financial Implications**

4.1 This report is for noting, so there are no direct financial implications.

#### **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***  
Director of Finance