

LGPC Bulletin 215 – October 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

This bulletin contains important updates for all LGPS stakeholders. It includes the following important articles which need action by certain stakeholders:

- [Raising queries with HMRC](#)
- [Reporting multiple small pots through RTI](#)
- [‘How to avoid the Ombudsman’ guidance](#)
- [Start preparing for dashboard onboarding](#)
- [September 2021 CPI rate announced](#)

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

Index

LGPS England & Wales Scheme Advisory Board (SAB)	3
SAB cost management result published	3
LGPS England & Wales	3
New Local Government Minister	3
Updated GAD query log	3
SF3 data published	3
HMT	4
HMT publishes consultation response on the cost control mechanism	4
The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions 2021	4
HMRC	5
Countdown bulletin 56.....	5
Pension schemes newsletter 133	5

DWP	5
Simpler annual benefit statements.....	5
TPO	6
New webpage on how to avoid the Ombudsman.....	6
Other news and updates	6
All-party parliamentary group publishes responsible investment report	6
Autumn budget 2021.....	6
LGPC minutes.....	7
National LGPS frameworks update	7
National LGPS Technical Group minutes.....	7
Unsuitable pension advice customers eligible for compensation	8
Pensions Dashboards Programme	8
PLSA ‘Landscape and Future Challenges survey’	10
September 2021 CPI rate announced.....	10
Training	10
Fundamentals training programme	10
LGPS Governance Conference 2022.....	11
Insight Residential Course	12
Wider landscape	12
DB master trust self-certificates introduced.....	12
GMPEWG publishes anti-franking guidance	12
NHSPS consultation on member contributions	13
PASA expands Board and appoints new Director.....	13
Useful links	13
LGPS pensions section contact details	13
Further information	14
Copyright.....	15
Disclaimer	15

LGPS England & Wales Scheme Advisory Board (SAB)

SAB cost management result published

On 15 October 2021, [SAB published the result of its cost management process](#) for the 2016 scheme valuation. Although the Board reached agreement on how to include McCloud costs in the process in the summer, it was not able to publish the outcome until HM Treasury (HMT) published the Cost Cap Directions 2021 (see [article](#) later in this bulletin).

SAB agreed to spread McCloud costs over a 10 year period (rather than the four years used in the HMT process), resulting in an outcome of 19.4 per cent against a target cost of 19.5 per cent. Despite the slight shortfall in cost SAB will not recommend any scheme changes.

Going forward, SAB will revisit tier three ill health and contributions for the lowest paid members. SAB intends to make recommendations in these areas separate from the cost management process.

LGPS England & Wales

New Local Government Minister

[Kemi Badenoch was appointed Minister of State](#) at the Department for Levelling Up, Housing and Communities (DLUHC) on 16 September 2021. Kemi is the Minister responsible for the LGPS, replacing Luke Hall who left the role in September 2021 following a Government reshuffle.

Updated GAD query log

On 4 October 2021 we updated our log of queries with the Government Actuary Department.

We updated the query about outgoing transfers to make clear, in our view, where a member takes flexible retirement, they cannot elect to transfer their remaining benefits out of the LGPS (Club or non-Club).

The query log can be found in the [Actuarial guidance](#) page of www.lgpsregs.org.

SF3 data published

On 27 October 2021, DLUHC published [Local government pension scheme statistics](#) (SF3 statistics) for England and Wales: 2020 to 2021. Highlights include:

- total expenditure of £13.4 billion

- total income of £17.2 billion, an increase of 7.5 per cent on 2019/20
- employer contributions increased by 32.46 per cent on 2019/20 to £10.2 billion
- employee contributions of £2.4 billion
- the market value of LGPS funds in England and Wales on 31 March 2021 was £332.7 billion, an increase of 22.14 per cent
- there were 6.1 million scheme members on 31 March 2021, 2.0 million active members, 1.8 million pensioners and 2.2 million deferred members
- there were 82,567 retirements in 2020/21, a decrease of 6.4 per cent compared with 2019/20.

HMT

HMT publishes consultation response on the cost control mechanism

On 4 October 2021, HM Treasury (HMT) published its response to the Public Service Pensions: cost control mechanism consultation (see [bulletin 211](#)).

The [Government's response](#) confirms it will proceed with all three proposed reforms:

- moving to a reformed scheme only design so that the mechanism only considers past and future service in the reformed schemes. Costs related to legacy schemes are excluded
- the cost corridor will be widened from two per cent to three per cent of pensionable pay
- introducing an economic check so that a breach of the mechanism will only be implemented if it still would have occurred had the long-term economic assumptions been considered.

The Government is aiming to implement all three proposals in time for the 2020 valuations. It will work with the DLUHC and LGPS stakeholders to consider:

- the most appropriate way to implement the reformed scheme only design in the LGPS (including how to treat the underpin)
- whether it is desirable for the SAB process to be adapted in line with the principles of the economic check.

The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions 2021

On 7 October 2021, HMT published the [Public Service Pensions \(Valuation and Employer Cost Cap\) \(Amendment\) Directions 2021](#).

In February 2019, HMT paused the cost cap element of the 2016 valuations. This was due to the uncertainty regarding the cost following the McCloud and Sargeant litigation. There is now sufficient certainty regarding the costs and this direction allows schemes to conclude their 2016 valuations.

HMRC

Countdown bulletin 56

On 11 October 2021, HM Revenue and Customs (HMRC) published [Countdown bulletin 56](#). The bulletin looks at the delay in the closure of scheme cessation and scheme reconciliation eRooms and how to raise queries with HMRC.

Action for administering authorities

Review the guidance for raising a query with HMRC and where necessary update your procedures.

Pension schemes newsletter 133

On 30 September 2021, HMRC published [Newsletter 133](#).

The newsletter announces a delay to the date scheme administrators will be able to view a list of schemes they need to migrate on to the Managing pension schemes service. This was initially 19 October 2021. The list will be available in November 2021. HMRC will give a further update in the next newsletter.

The newsletter also gives revised instructions when reporting multiple small pot payments through Real Time Information (RTI).

Action for administering authorities

Make sure you comply with the guidelines when reporting multiple small pot payments through RTI.

DWP

Simpler annual benefit statements

The Government laid the Occupational and Personal Pension Schemes (Disclosure of Information) (Statements of Benefits: Money Purchase Benefits) (Amendment) Regulations 2021. These are effective from 1 October 2022. At the same time, the Department for Work and Pensions published their response to the consultation

held earlier this year on Simpler annual benefit statements together with draft statutory guidance and regulations.

For further information see the [Government webpage](#).

Public sector pension schemes (including AVCs) are not in scope of the legislation and guidance. The experience in the defined contribution sector may be used to learn lessons that could be applied to other schemes in the future.

TPO

New webpage on how to avoid the Ombudsman

In October 2021, the Pensions Ombudsman (TPO) launched a new page on its website called '[How to avoid the Ombudsman](#)'. It contains 'top tips', links to case studies, key determinations and new frequently asked questions.

TPO also published a [guidance note on communicating with pension scheme members](#). The note sets out simple steps that can be taken to resolve pension disputes and complaints without the need for TPO to be involved.

Action for employers and administering authorities

Review the guidance and check if you need to update your complaint procedures and communications.

Other news and updates

All-party parliamentary group publishes responsible investment report

The [Just Transition report](#), published by the all-party parliamentary group for local authorities, calls on government to make a firm and comprehensive commitment to a just transition to net zero and to set up a UK-wide Just Transition Commission.

The report is based on a nine-month inquiry by the All-Party Group, led by Clive Betts MP, into 'Responsible investment in a just transition'. The report stresses the urgent need for climate action but highlights the economic and financial risks if the shift to net zero fails to take account of the uneven impacts on workers, communities, consumers, and supply chains.

Autumn budget 2021

On 27 October 2021 the Government announced its [Autumn 2021 budget](#) and spending review.

Of particular interest to the LGPS is the publication of the Government's response to the Call for Evidence on pensions tax relief administration (see [bulletin 200](#) for further information).

[The Government's response](#) announces that it will introduce a system to make top-up payments directly to low-earning members using the net pay arrangements. This will broadly equalise the outcomes for all low earning pension savers. Unfortunately, the top up payment will not be automatic, members will need to claim the top up payment directly from HMRC.

Top-up payments to members will commence in 2025/26 regarding the 2024/25 tax year. The response claims an estimated 1.2 million individuals could benefit by an average of £53 a year.

LGPC minutes

On 15 October 2021 we published the draft minutes of the Local Government Pensions Committee (LGPC) meeting held on 27 September 2021. You can find them on the LGPC minutes pages of www.lgpsregs.org and www.scotlgpsregs.org. Topics discussed included:

- LGPC subscriptions
- an additional post to focus on LGPS employers
- regulation updates from LGPS England and Wales, Scotland and Northern Ireland
- Prudential's performance.

The next hybrid meeting will be held on 13 December 2021.

National LGPS frameworks update

The [National LGPS frameworks October update](#) provides information about new and expiring frameworks.

National LGPS Technical Group minutes

On 6 October 2021, we published the minutes of the National LGPS Technical Group meeting held on 1 October 2021. These are found on the Technical group pages of www.lgpsregs.org and www.scotlgpsregs.org. Topics discussed included:

- McCloud
- Pensions Dashboards
- claims management companies
- historical information covering pensions liberation
- disclosure for active annual benefit statements

- pensionable emoluments for electric vehicles.

The next meeting will be held virtually on 7 December 2021.

Unsuitable pension advice customers eligible for compensation

The Financial Conduct Authority (FCA) has written to a total of 3,951 defined benefit (DB) pension transfer advice customers to tell them they might be eligible for compensation. Letters have been sent to customers of firms in liquidation where past business reviews have identified that the firm has given unsuitable advice to some customers. The letters direct customers to the FCA's DB pension transfer advice checker to help them decide whether the advice they received was suitable or not.

The FCA has also published a full list of firms who are in insolvent liquidation and have given unsuitable advice to some customers. The list currently covers 10 firms and will be kept up to date as the work continues.

For further information see the [FCA webpage](#).

Pensions Dashboards Programme

Call for input on staging summary

Earlier this year the Pensions Dashboards Programme (PDP) ran a staging call for input (see [bulletin 210](#) for further information). [We responded on 5 July 2021](#).

The PDP received just over 60 responses to the call for input from a variety of stakeholders. These will be used to feed into further policy development of pension dashboards. It has published a [summary of the key themes](#) drawn from the responses:

- the provision of estimated retirement income projections could impact the policy objectives and staging principles
- the need for greater clarity around data and the digital architecture's technical requirements before accurate estimates about staging times can be provided
- where staging times were estimated, around three-quarters suggested that 12 months or more (up to 24 months) would be required
- just over half of all respondents agreed with the recommendation that the largest defined benefit schemes should stage from Autumn 2023 and all defined benefit schemes with 1,000+ members should stage within the first wave (half of those that agreed were either defined benefit schemes or public service schemes)

- the majority of the concerns from public service pension schemes centred around McCloud and the associated administrative issues as a reason for not staging within the first wave
- consumer testing will be an important part of how dashboards are executed, highlighting the need for additional tools, system messaging and an education and awareness campaign to promote the benefits of dashboards
- concerns about limiting the scope of dashboards to exclude pensions in payment
- general uncertainties on the following:
 - data – specifically what view data, especially early retirement income, will have to be returned
 - data protection and liability
 - connection requirements
 - response times
 - identity verification and assurance process
 - matching protocols
 - Integrated Service Provider (ISP) market dependency
 - McCloud for public service schemes
 - competing priorities – Guaranteed Minimum Pension equalisation, simpler annual benefit statements, small pots, transformation programmes.

Draft regulations for pensions dashboards

Chris Curry, Principal of the PDP, announced in October 2021 that draft regulations on pensions dashboards are expected to be published before the end of 2021 or early in 2022. This follows on from the enactment earlier this year of the Pension Schemes Act 2021 (see [bulletin 206](#) for further information). The draft regulations will provide more information about the data standards, what data will have to be supplied and how pension providers will need to provide it.

October 2021 progress report

On 26 October 2021, PDP published its [latest progress report](#). The report strongly emphasises the need for schemes to act now before legislation compels schemes to do so.

Action for administering authorities

You should start preparing for dashboard onboarding by considering whether you wish to use an ISP to connect to the dashboard ecosystem, cleansing your data and ensuring you have adequate resources to prepare for the dashboard connection.

Testing for potential dashboard providers

The PDP is inviting organisations that intend to provide a pensions dashboard to help test the development of the pensions dashboards ecosystem. This will enable potential dashboard providers to influence the design of pensions dashboards and help identify any challenges with connecting to the central technical architecture.

For further information organisations are invited to [contact PDP](#).

PLSA ‘Landscape and Future Challenges survey’

On 14 October 2021, Gareth Brown emailed administering authorities with a [short survey on behalf of the Pensions and Lifetime Savings Association](#) (PLSA).

The PLSA is seeking views on the major administration issues and challenges facing the LGPS. The results will be published in a report towards the end of 2021.

September 2021 CPI rate announced

On 20 October 2021, the Office for National Statistics announced [the Consumer Prices Index \(CPI\) rate of inflation for September 2021 as 3.1%](#).

Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year. We await confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions and pensions in payment in April 2022 will be 3.1 per cent.

Training

Fundamentals training programme

Day 1 of our Fundamentals training programme took place in October 2021. Days 2 and 3 will take place in November and December. The training will take place in three locations: London, Leeds and Cardiff. The London sessions will be hybrid, so delegates can choose to attend in person or virtually. The sessions in Leeds and Cardiff will be face to face only. Places are filling up fast, so use the links below to book your place now.

About

Fundamentals is a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, a variety of officers who attend or support committees and representatives of private sector organisations that provide services to

administering authorities. The course delivers a scheme overview and covers current issues relating to administration, investment and governance in the LGPS.

Attending all three days will assist delegates in meeting the requirement for knowledge, skills and understanding that is either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their field. The events also provide delegates with valuable networking opportunities. Each day's programme will start at 10am, with registration and coffee from 9:30am, and close by 4pm with refreshments and lunch provided. For full details see the [Fundamentals training programme](#).

Cost and booking

The cost of each session is:

- £270 plus VAT for face to face training. The cost includes lunch, refreshments and all delegate materials
- £220 plus VAT for virtual attendance (London only). Please use the promotional code HYB for online attendance on the booking page to activate the reduced rate.

You will need to make bookings for virtual attendance separately from any face to face bookings in order to use the code.

You can only book through the [LGA events page](#). We have provided links to each event below for your convenience.

9 November: Day 2 London	Etc Venues – use code HYB for online
18 November: Day 2 Leeds	Park Plaza Hotel
23 November: Day 2 Cardiff	Marriott Hotel
2 December: Day 3 London	Etc Venues – use code HYB for online
8 December: Day 3 Leeds	Park Plaza Hotel
15 December: Day 3 Cardiff	Marriott Hotel.

LGPS Governance Conference 2022

Booking is open for the LGPS Governance Conference 2022. The title of the conference is 'Climate forecast for the LGPS; (Mc)Cloudy or bright?'. [See our flyer for more details](#).

The conference is taking place on 20-21 January 2022 in Bournemouth. You can attend the conference in person or join us online.

The conference is aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trades union representatives, member and employer representatives, as well as a variety of officers who attend and support committees.

You can book and view the programme and current list of confirmed speakers using the links below:

- [book to attend in person](#)
- [book to attend virtually](#).

Insight Residential Course

We are pleased to announce that booking is now open for the Insight Residential Course taking place from Monday 21 February to Thursday 24 February 2022 in Blackpool.

The course is suitable for pensions administration staff and HR/finance/payroll staff where the pension function plays a significant part in their day-to-day role.

Being a foundation course, the content is aimed at staff who are relatively new to pensions, as well as those who have some experience but want to better understand their own and others' responsibilities under the Scheme.

You can find out more and book a place on the [LGA's events page](#).

Wider landscape

DB master trust self-certificates introduced

A self-certification regime for defined benefit (DB) master trusts has been launched. This is to help scheme trustees and employers who may be considering DB master trusts as a consolidation option to understand the key features.

[The master trust self-certificates](#) are a standard template allowing DB master trusts to provide information on their structure and how they operate.

GMPEWG publishes anti-franking guidance

The cross-industry Guaranteed Minimum Pension Equalisation Working Group (GMPEWG), published [supplemental guidance allowing for anti-franking when achieving GMP equality](#). The guidance explains why anti-franking is important in the

equalisation journey, highlights the potential significance of the later earnings addition and suggests approaches to deal with the key areas of uncertainty.

NHSPS consultation on member contributions

The Department of Health and Social Care published a consultation on proposed changes to member contributions in the National Health Service Pension Scheme (NHSPS). The consultation seeks views on a new member contribution structure. The proposed changes recognise that all members of the NHSPS will build up career average benefits from 1 April 2022. The consultation closes on 7 January 2022.

PASA expands Board and appoints new Director

On 5 October 2021, the Pensions Administration Standards Association (PASA) announced [the appointment of Emma Watkins as Board Director](#) effective from 1 October 2021.

Useful links

[LGA Pensions page](#)

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

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

[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: 07786 681936

Email: jeff.houston@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

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: 07827 307003

Email: rachel.abbey@local.gov.uk

Steven Moseley (Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

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

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Joanne Donnelly (Senior Pensions Secretary – LGPS Scheme Advisory Board (E&W))

Telephone: 07464 532613

Email: joanne.donnelly@local.gov.uk

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

Telephone: 07919 562847

Email: robert.holloway@local.gov.uk

Gareth Brown (Research and Data Analyst – Pensions)

Telephone: 07785 407657

Email: gareth.brown@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 07909 988968

Email: elaine.english@local.gov.uk

Further information

Copyright

Copyright remains with Local Government Association (LGA). This bulletin may be reproduced without the prior permission of LGA provided it is not used for commercial gain, the source is acknowledged and, if regulations are reproduced, the Crown Copyright Policy Guidance issued by HMSO is adhered to.

Disclaimer

The information contained in this bulletin has been prepared by the LGPC Secretariat, a part of the Local Government Association (LGA). It represents the views of the Secretariat and should not be treated as a complete and authoritative statement of the law. Readers may wish, or will need, to take their own legal advice on the interpretation of any piece of legislation. No responsibility whatsoever will be assumed by the LGA for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in this bulletin.

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.