

London Borough of Enfield

Local Pension Board

3rd March 2021

Subject: Pension Team Update

Cabinet Member: Cllr Maguire

Executive Director: Executive Director Resources

1. Purpose of Report

The purpose of this report is to provide the Local Pension Board with an update on current pension issues, developments and performance.

2. Proposal

Pension Board is recommended to note the contents of this update

3. Reason for Proposal(s)

No actions are required

4. Updates

4.1 95k Exit Cap

The Restriction of Public Sector Exit Payments Regulations 2020 came into force on 4th November 2020. The legislation set a £95k exit cap. After consultation and review the Government concluded that the Cap 'may have had unintended consequences and the regulations should be revoked'.

On the 12th February 2021 the Government issued Exit Payment Cap Directions 2021 which disapply parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect. The Directions do not apply to exit payments made by a devolved Welsh authority although we understand that the Welsh Government will issue similar Directions Shortly.

As the Directions disapply Regulation 3, the Exit Cap no longer applies with effect from 12th February 2021.

For exits from 12th February 2021, LGPS Administering Authorities must pay qualifying scheme members an unreduced pension under Regulation 30(7) of the LGPS 2013 Regulations. Scheme employers will be required to pay full strain costs in relation to unreduced benefits, as notified by the Administering Authority.

HM Treasury has issued guidance on the Directions. The guidance sets out HM Treasury's expectation that employers should pay the additional sums that would be paid had the cap not applied for employees who left between 4th November 2020 and 12th February 2021.

We understand it is government's intention to revoke the regulations, but not retrospectively and to bring forward new legislation to implement the policy.

As a result of this change in policy, Enfield Pension Fund members affected by the 95k exit cap have had revised figures issued. No member is affected by the lack of retrospection of the legislation. For more information on these changes please refer to Appendix 1.

4.2 Member Death Reporting

Following a request from the Scheme Advisory Board, the Pension Team have been assisting with the collection of data relating to fund member deaths to help understand the impact of the COVID-19 on the LGPS. Monthly data, as shown in the chart below has been collated and will be submitted. From November 2020 the data will be submitted on a quarterly basis.

Member Death reporting			
Month	LGPS deaths	Teachers (Compensation Pension) deaths	Total deaths
January 2021	24	1	25
December 2020	20	0	20
November 2020	13	0	13
October 2020	14	0	14
September 2020	10	1	11
August 2020	20	1	21
July 2020	11	1	12
June 2020	15	3	18
May 2020	24	3	27
Total	151	10	161

4.3 Increase to Minimum Pension Age

The Government have confirmed their intention to increase in minimum pension age. The Pension Schemes Bill 2019/2021 has been granted Royal Assent and is now the Pension Schemes Act 2021. HM Treasury have launched a consultation on implementing an increase to the normal minimum pension age from 55 to 57 effective from April 2028. The consultation will close on 22nd April 2021. Please refer to Appendix 2 which has a link to the Pension Schemes Act 2021.

4.4 Good Governance report was published by Hymans

The Local Government Pensions Committee (LGPC) is working with the project team at Hymans Robertson to make recommendations to MHCLG to:

- introduce a set of new regulations and statutory guidance to improve the standards of governance and administration on a more consistent basis across all 87 LGPS administering authorities
- to better ensure that pension teams within administering authorities are sufficiently resourced and financed to achieve the proposed higher standards of governance and administration.

The main proposals include revised scheme regulations and underlying statutory guidance on governance compliance statements; internal and external monitoring and reporting of performance against the new standards; introduction of a new set of national key performance indicators and establishment of a new responsible officer role within administering authorities. For more information please refer to Appendix 3.

4.5 The Pension Schemes Act 2021

The provisions within the Pension Schemes Act 2021 paves the way for legislation which will introduce the following:

- Pensions Dashboards – individuals can view all their pensions in one online secure dashboard.
- New powers for the Pensions Regulator concerning employer debt
- Amendments concerning funding for defined benefit schemes
- Governance relating to climate change investments
- Extra conditions that members must satisfy before they are able to transfer their LGPS benefits to an occupational pension scheme
- Pension protection fund and administration charges.

Further secondary legislation is due to fill in the detail of the extra conditions' members must satisfy before they are able to transfer their LGPS benefits to an occupational pension scheme.

Please refer to Appendix 4 – link to Pensions Dashboard Programme

4.6 AVC Wise – Shared Cost AVC

AVC Wise, facilitators of the Pension Funds Shared cost AVC, recently conducted a number of webinars to provide members with a better understanding of their pension and the benefits of AVC's.

The webinars were extremely well attended resulting in an increase to AVC take up in and an increase in members signing up to use our member self-service portal.

More webinars are being planned.

4.7 Cyber Scorecard

The Pension Team with colleagues from Pension Investment and Digital Services recently completed Aon's cyber scorecard questionnaire which is a free service to assist administering authorities in the fight against the increasing risk of cybercrime. The scorecard will enable administering authorities to benchmark their approach to managing cyber risks against other authorities. We are currently awaiting the results and will report back findings and action plans

4.8 Contribution Bandings

2021/22 employee contribution bands

Below are the employee contribution bands, which will be effective from 1 April 2021. They are calculated by increasing the 2020/21 employee contribution bands by the September 2020 CPI figure of 0.5 per cent and then rounding down the result to the nearest £100.

Table 1: Contribution table England and Wales 2021/22

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £14,600	5.50%	2.75%
2	£14,601 to £22,900	5.80%	2.90%
3	£22,901 to £37,200	6.50%	3.25%
4	£37,201 to £47,100	6.80%	3.40%
5	£47,101 to £65,900	8.50%	4.25%
6	£65,901 to £93,400	9.90%	4.95%
7	£93,401 to £110,000	10.50%	5.25%
8	£110,001 to £165,000	11.40%	5.70%
9	£165,001 or more	12.50%	6.25%

4.9 The Risk Register

Copy attached - reviewed and updated as part of an annual review.

4.10 New Ways of Working

The Pensions Team is currently exploring new ways to use technology to meet the needs of members, ensuring best practice and service delivery timescales are met. New, flexible ways of working as a result of the pandemic means that the team need to utilise technology more effectively. On-line Teams meetings, pre-recorded webinars, communicating with members via email and the member self-service portal have been embraced. Further work to improve reporting functionality and further data cleansing initiatives are in the pipeline.

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Appendices

Appendix No 1: Restrictions of Public Sector Exit Payments: Guidance on the 2020 Regulations:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/961147/Guidance_to_Public_Sector_Exit_Payments.pdf

Appendix no 2: Government confirmed intention to increase in minimum pension age.

<https://www.legislation.gov.uk/ukpga/2021/1/enacted>

Appendix No 3: Good Governance: final report

https://lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf

Appendix No 4: The Pensions Dashboard update.

<https://www.pensionsdashboardsprogramme.org.uk/2021/02/11/passing-pensions-schemes-bill/>

Background Papers

- Full Key Performance Indicators report for Quarter 3 (01.10.2020 - 31.12.2020)
- Pension Team Risk Register 2021