

London Borough of Enfield

Local Pension Board

9th June 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 update

In March the Government confirmed that HM Treasury will bring forward proposals at pace to tackle unjustified exit payments. The Government has not confirmed when the exit cap or further reforms will be introduced.

Public sector employers, planning workforce reform have been advised to be aware that the exit cap may come into force in late 2021 and the Ministry of Housing, Communities and Local Government (MHCLG) may introduce further reforms to exit pay when the exit cap is re-introduced.

4.2 Exit payment data

MHCLG wrote to Chief Financial Officers on 9th April 2021 setting out exit payment data requirements.

Councils have asked to provide the following data: redundancy payments, pension strain payments and other special payments made at the point of leaving. Data

relating to payments made from 2014/15 to 2020/21 is required to be submitted by the end of May 2021.

The Local Government Association (LGA) expect that a similar request will be made for subsequent years. The data will be used to inform the Government's policy to end excessively high exit payments in the public sector.

The letter included a draft specification and invited comments by 26 April 2021 on the clarity of the data requirements and the practicality of providing this.

For more information on the requirements please refer to; Appendix 1.

4.3 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 is collated and submitted quarterly.

For information, the table below shows data submitted during 2020/21 (NB: data started to be collected from May).

Member Death reporting			
Month	LGPS deaths	Teachers (Compensation Pension) deaths	Total deaths
March 2021	19	1	20
February 2021	27	1	28
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	197	12	209

4.4 McCloud Update

On the 13 May 2021, Luke Hall, Minister for Regional Growth and Local Government, made a Written Ministerial Statement on McCloud and the LGPS. The statement confirms the key changes that the Government will make to the LGPS regulations to remove the unlawful age discrimination

MHCLG will await for the Public Service Pensions Bill amendments to be passed before LGPS Regulations implementing McCloud can be made.

For more information on the requirements please refer to;
Appendix 2

4.5 The Pension Ombudsman

In March 2021, the Pensions Ombudsman (TPO) published three factsheets for members:

1. **Early Resolution Service** – this factsheet explains what the service is, how it operates and what the member options are.
2. **Complaining to The Pensions Ombudsman (TPO)** – this factsheet explains the investigation process, what is meant by a determination, how TPO will communicate during the investigation, how TPO will share information and how the member can help the process.
3. **Complaining to the party at fault** - this factsheet provides guidance on complaining to the party at fault, empathises the need for members to try and resolve the matter with the party at fault before TPO can investigate. Advice is provided to members about how they can complain to the party at fault, time limits, and what happens after then.

For more information about Pension Ombudsman publications please refer to;
Appendix 3.

4.6 Pensions Dashboard Programme update

The Pensions Dashboards Programme (PDP) will enable individuals to access their pension information online, securely and all in one place, thereby supporting better planning for retirement.

PDP recently issued an invitation to tender (ITT) to procure a supplier to provide the required digital architecture. This will include the pension finder service, the consent, the authorisation service and the governance register.

For more information please refer to Appendix 4.

4.7 Pension scams webinar

On 31st March 2021, The Pensions Regulator (TPR) hosted a webinar on the pledge to combat pension scams.

The webinar included speakers from TPR, the Pensions Scams Industry Group, the Money and Pension Service and the City of London Police. It also included recordings of calls from victims of scams. TPR has published a recording of the webinar on their website. Please refer to Appendix 4 for more information.

The Pension Team are currently reviewing the details and will provide a further update at the next meeting.

For more information on the requirements please refer to;
Appendix 5

4.8 Action Fraud launches awareness campaign about pension scams

On 20th April 2021, Action Fraud launched a national awareness campaign to remind the public about the importance of doing their research before making changes to their pension, including a warning to remain vigilant against pension scams. The press release announcing the launch contains some simple steps for members to protect themselves against scams and advice on what to do if they suspect a scam.

The Pension Team have included a link to the article in the Annual Newsletters and will add information on fraud awareness to the Pension Website.

Please refer to Appendix 6 for more information.

4.9 Supreme Court refuses to hear claim against State Pension Age changes

The Supreme Court has recently confirmed that it will not hear the claim against the State Pension age (SPA) changes. The claim was supported by the campaign group, Backto60. In the claim, Backto60 argued that the increase in the SPA affecting women born in the 1950s was discriminatory and that Government did not give the women enough notice. Both the High Court and Court of Appeal had previously dismissed the claim.

4.10 Public Sector Pension GMP indexation consultation – Government response

The response concludes that the Government has decided to discount conversion as a long-term policy solution and make the interim solution the permanent solution for GMP indexation in Public Sector Pension Schemes (PSPS). This approach will mean that PSPS will be directed to provide full indexation to those members (including survivors) with a GMP (or inherited GMP in the case of a survivor), reaching State Pension age (SPA) beyond 5 April 2021.

The accompanying HM Treasury Direction (issued under section 59A of the Social Security Pensions Act 1975) is being finalised and will be published by HM Treasury shortly.

This decision permanently moves the full future GMP increases onto the Pensions Fund, whilst this simplifies the administration of GMPs, it also increases costs to the fund.

4.11 Consolidation of Academies

Since the 2010 Academies Act, the number of English schools breaking away from the local authorities to become academies has increased to over 9,000. Many of these are set up as multi academy trusts (MATs).

The LGPS rules provide that employees of an academy will be members of the LGPS pension fund in the area where the school is located. This means that MATs can have schools spread across many different LGPS administering authorities.

Some MATs are looking to consolidate all their schools in one LGPS fund. They can do this by applying to MHCLG for a Direction Order which substitutes a different administering authority for the employer and deals with the transfer of any assets and liabilities.

From the MAT's perspective this is attractive because, once consolidated, they would:

- only deal with one LGPS pension fund
- have one employer contribution rate across all their schools
- only have to submit data in one format
- *only have to submit one set of policy discretions etc.

For the LGPS however, there are concerns about cash flow and the investment strategy. The impact will vary depending on the size of the fund and how many academies the fund has. As an example, if one pension fund lost all their academies, it could mean losing 23% of their contribution income. This would impact on how much of their income they could invest, and it could increase the risk of lower future investment returns and higher costs for employers.

The LGPC has raised the issue with both MHCLG and DfE to ensure that whatever happens in policy terms, it is well managed and protects the ceding funds from cashflow/investment shocks.

4.12 Prudential AVCs

Concerns have been raised about the poor performance of Prudential in relation to LGPS in-house AVC schemes. LGA agreed to contact The Pensions Regulator (TPR) to see if anything could be done on a national level to help administering authorities.

The LGA later confirmed that TPR were aware of the situation. They also confirmed that they would welcome any reports from administering authorities through their normal whistleblowing channels. Although this does not fit into any of TPRs 'standard' boxes they have said they can look into it.

The Enfield Pension Team arranged a client meeting to discuss a couple of areas of concern with Prudential in mid-May however Prudential cancelled. The meeting has been rearranged for 7th June. A verbal update will be provided to the Pensions Board at the 9th June meeting.

4.13 AVC Wise – Shared Cost AVC

AVC Wise facilitates the Enfield Pension Funds Shared Cost AVC Scheme. AVC Wise have worked closely with both the Pension and Payroll Team to create a joint submission to the Employee Benefits Awards 2021 'Spotlight on Success'. The submission has been entered into the Best Pensions Communication category.

For more information regarding the awards please refer to Appendix 7

4.14 Communications

The Pension Team have been reviewing member and employer communications and have recently issued the following documents:

- Annual Pensioner Newsletter – to all pensioners
- TUPE update for schools – to Enfield Schools as well as Academy Fund employers

4.15 Member online Self-Service Portal (Deferred former members)

The team have started to roll out the self-service portal to more members. An invitation, with guidance has been sent to all deferred members encouraging them to register in order for them to access their record on-line.

4.16 Key Performance Indicators (KPI)

Please refer to attachment

4.17 The Risk Register

Please refer to attachment

4.18 Cyber Questionnaire

Pension related cyber threats have increased since the pandemic. The Pension Regulator's new code contain specific cyber controls. In response, the Pension Fund took part in a free scorecard cyber security questionnaire administered by Aon to ascertain the funds resilience.

A few areas of concern where highlighted and an action plan will be created to acted on during the year.

Please refer to attachment

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Appendices

Appendix 1

4.2 MHCLG letter about new requirement for exit payment data

[file:///R:/Resource/PENSIONS/1%20-%20GOVERNANCE/ENFIELD%20PENSIONS%20BOARD/2020-21/June%202021%20meeting/Exitdata%20\(1\).pdf](file:///R:/Resource/PENSIONS/1%20-%20GOVERNANCE/ENFIELD%20PENSIONS%20BOARD/2020-21/June%202021%20meeting/Exitdata%20(1).pdf)

Appendix 2

4.4 McCloud Update

<https://questions-statements.parliament.uk/written-statements/detail/2021-05-13/hcws26>

Appendix 3

4.5 The Pension Ombudsman ‘factsheets’

<https://www.pensions-ombudsman.org.uk/our-publications>

Appendix 4

4.6 The Pensions Dashboard Programme PDP update

<https://www.pensionsdashboardsprogramme.org.uk/2021/04/13/pdp-issues-invitation-to-tender-for-digital-architecture/>

Appendix 5

4.7 Pension scams webinar

<https://www.thepensionsregulator.gov.uk/en/media-hub/speeches-and-speakers/pledge-to-combat-pension-scams-webinar>

Appendix 6

4.8 Action Fraud launches awareness campaign about pension scams

<https://www.actionfraud.police.uk/news/warning-from-action-fraud-to-protectyourpension-as-1-8-million-lost-to-pension-fraud-so-far-this-year>

Appendix 7

4.13 AVC Wise – Shared Cost AVC

<https://www.employeebenefitsawards.co.uk/live/en/page/enter-now>

Background Papers

- Full Annual Key Performance Indicators report (01.04.2020 - 31.03.2021)
- Schools – TUPE update
- Annual Pensioners Newsletter
- Pension Team Risk Register 2021
- AON Cyber scorecard