

Agenda Item: 4

Local Pension Board

Meeting Date: 9.03.2022

Subject: Pension Team Update Report

Cabinet Member: Cllr Maquire

Executive Director: Fay Hammond

Key Decision: n/a

Purpose of Report

1. The purpose of this report is to provide the Local Pension Board with an update on current pension issues, developments and performance in accordance with the Local Government Pension Scheme (LGPS)

Proposal

2. The Local Pension Board is recommended to note the contents of this update.

Reason for Proposal

3. The Local Pension Board is responsible for ensuring that the Enfield Administering Authority complies with LGPS regulations and associated legislation as well as adhering to requirements as set out by The Pensions Regulator.
4. To assist members of the Local Pension Board with their role and responsibilities, the Pension Team are required to provide regular updates.

Updates

5. Pension Increase confirmed

HM Treasury has confirmed that LGPS pensions in payment will increase from 11th April 2022 by 3.1%, in line with CPI inflation rate as at September 2021. The 3.1% increase will not apply to pensions which are less than a year old. These pensions will receive a pro-rata increase.

Active LGPS CARE accounts will increase on 1st April 2022 by 3.1%.
Active CARE accounts in the other public service schemes will increase as follows:

- Police Pension Scheme: 4.35%
- Firefighters' Pension Scheme: 4.1%

- Civil Service Pension Scheme: 3.1%
- NHS Pension Scheme: 4.6%
- Teachers' Pension Scheme: 4.7%
- Armed Forces Pension Scheme: 4.1%
- Judicial Pension Scheme: 3.1%

The Government expects to make the annual revaluation orders in March 2022.

Please refer to Appendix 1 for more information.

6. Contributions Banding

The employee contribution bands (2022/23) effective from 1st April 2022 have been issued. These are calculated by increasing the 2021/22 employee contribution bands by the September 2021 CPI figure of 3.1%, rounding down to the result to the nearest £100.

Contribution table for England and Wales 2022/23.

| 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 £15,000 | 5.50% | 2.75% |
| 2 | £15,001 to £23,600 | 5.80% | 2.90% |
| 3 | £23,601 to £38,300 | 6.50% | 3.25% |
| 4 | £38,301 to £48,500 | 6.80% | 3.40% |
| 5 | £48,501 to £67,900 | 8.50% | 4.25% |
| 6 | £67,901 to £96,200 | 9.90% | 4.95% |
| 7 | £96,201 to £113,400 | 10.50% | 5.25% |
| 8 | £113,401 to £170,100 | 11.40% | 5.70% |
| 9 | £170,101 or more | 12.50% | 6.25% |

7.1 Prudential AVC update

The Prudential have now issued their 2021 annual benefit statements to scheme members.

Regulation 17(7) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, confirmed that such statements must be given within 12 months of the end of each scheme year (i.e. by 31 March 2022).

A delegation from the Prudential attended a meeting with the LGPS Scheme Advisory Board (SAB) on 13th December 2021 in response to

concerns expressed by the Board on behalf of scheme stakeholders about the Prudential's performance and poor level of communication.

The Prudential explained that migration to a new platform coupled with the disruption of normal working arrangements caused by the Covid epidemic had resulted in a performance level below an acceptable standard. The Board was assured that performance in key areas such as servicing updates and client customer support has improved and will continue to do so as new working arrangements and training of new staff unfolds.

The Prudential agreed to work with the Secretariat to formulate communications for scheme stakeholders.

The Pension Team will continue to monitor the situation and report on progress.

8. Driving Good Governance in the LGPS

It is anticipated this year, that the Department of Levelling Up, Housing and Communities (DLUHC) will progress recommendations from the Good Governance project and consult on formal guidance.

Area's will include:

- Conflict management policies
- Enhanced governance compliance statements
- Development of effective scheme member and employer representation policy
- Regular independent assessment of governance arrangements
- Delivery of training plan for all key individuals

Please refer to Appendix 2 for more information.

9. Office for National Statistics (ONS) population projections

The latest national population projections were issued by the ONS in January and are the first to include COVID-19 data. The inclusion of some of the 2020 and 2021 data will take account of the large number of COVID-19 related deaths in the first 18 months of the pandemic.

Very limited allowance has been made for the lingering after-effects of the pandemic which could have a greater impact on long term mortality trends. The projections largely consider the pandemic as "two lost years" for mortality improvements, with 2022 resuming where 2019 left off.

10. McCloud Update

Amendments tabled to the Public Service Pensions and Judicial Officers (PSPJO) Bill

The Government tabled further amendments to the PSPJO Bill on 21st January 2022. In summary, the amendments relevant to the LGPS are set out below:

- Redefine “remediable service” so it also potentially covers members who were not in pensionable service, in a relevant public service pension scheme on 31st March 2012 but who were in such service before then.
- Extend the types of schemes where, pensionable service would not count as a disqualifying break.
- Allow regulations to provide final salary benefits for transferred in service from different public service schemes where the service benefitted from final salary protection in the other scheme.
- Allow regulations to restrict service between 1st April 2014 and 31st March 2022 from having final salary protection unless the member transferred in or aggregated previous service.
- Allow regulations to make provision adjusting pension credits and debits to reflect the McCloud remedy
- Allow regulations to make provision about teachers who qualified for the LGPS.
- Make provisions in relation to compensation and interest payments.

The Bill is at the Committee stage in the House of Commons. The first sitting was on 27th January 2022.

Please refer to Appendix 3 for more information.

11. DWP launch second review of State Pension age

The review was launched on 14th December 2021. It will consider if the State Pension age (SPa) rules are still appropriate based on the latest life expectancy data and other evidence.

The Pensions Act 2014 requires Government to regularly review SPa and for the latest review to be published by 7th May 2023.

Two independent reports will be commissioned as part of the review:

- The Government Actuary will provide a report assessing the appropriateness of SPa considering the latest life expectancy

projections

- Baroness Neville-Rolfe will provide a report on other relevant factors including recent trends in life expectancy and other metrics. Evidence from across the UK will be considered in the review. Please refer to Appendix 4 for more information.

12. **Pensions Dashboard Programme update**

- a) The DWP recently launched a consultation on the draft Pensions Dashboards Regulations. The closing date is 13th March 2022.
- b) The Pensions Dashboards Programme (PDP) recently published a blog called 'Supporting a market for pensions dashboard providers'. The blog sets out PDP's aim to grow the dashboard provider market and the benefits of multiple dashboards. The blog also signposts potential dashboard providers to information and asks them to register their interest.

The PDP also published a report from Ipsos Mori on 25th January 2022. Ipsos Mori was commissioned to undertake qualitative research on the attitudes of potential dashboard users, their circumstances, behaviours and views of the dashboard concept. On the same day, Rita Patel, Lead Analyst for the PDP, published a blog summarising the report's main findings, which are:

- respondents reacted almost uniformly positively to the concept of dashboards
- respondents expect to see value information, both accrued and projected
- a find-only dashboard, which located pensions without displaying values, was of limited appeal
- a phased or partial service could negatively affect dashboards' reception
- dashboard users need to know what the service can and cannot do for them, as well as having clear signposting of government backing, in order to increase trust in its security.

Please refer to Appendix 5 for more information.

13. **DLUHC consultation on Oasis consolidation**

On 9th December 2021, the DLUHC started a second consultation on the proposed consolidation of Oasis multi-academy trust into one LGPS fund. Oasis currently participate in 16 LGPS funds including the Enfield Fund.

An initial consultation took place between 1st and 30th June 2021. A second consultation is taking place to allow those affected by the proposal more time to consider and respond. The consultation is only open to those

bodies appearing to be affected by the proposed consolidation. It closes on 17th February 2022.

Total of Oasis members in the Enfield Fund;
Active members – 384
Deferred members – 255
Short service leavers -151
Pensioners - 38

Bola Tobun is leading the consolidation on behalf of the Enfield Fund.

14. **HMRC – Managing Pension Schemes**

HMRC published Pension Scheme Newsletter 136 on 17th January 2022. The newsletter gives several important updates on the Managing Pension Schemes service, such as:

- when the feature for migrating pension schemes will be made available on the service
- plans to allow administrators to import data directly from spreadsheets when compiling Accounting for Tax returns
- what administrators should be doing to start preparing to migrate schemes to the service
- when administrators will no longer be able to compile and submit Accounting for Tax returns on the Pension Schemes Online service.
- information about the plans to increase the normal minimum pension age from 55 to 57 on 6th April 2028
- reminding scheme administrators, dealing with overseas transfers to check that the receiving scheme meets the conditions to be a recognised overseas pension scheme, and
- proposed changes to the scheme pays reporting deadlines.

Please refer to Appendix 6 for more information

15. **The 2019 Section 13 report**

This report relates to LGPS fund valuations in England & Wales as at 31st March 2019 and was issued by the Government's Actuary's Department (GAD) in December 2021.

The purpose of this report was to consider issues of compliance, consistency, solvency and long-term cost efficiency across the various LGPS funds.

GAD) published its report on the 2019 LGPS valuations in England and Wales, prepared under Section 13 of the Public Service Pensions Act 2013.

Whilst this is a long, and in places rather technical report, there are two key points for English & Welsh funds to note:

- Looking back: this report publicly identifies where your Fund sits relative to its peers on a number of metrics;
- Looking forward: the report also identifies a number of areas which may affect the outputs of the 2022 actuarial valuations.

Please refer to Appendix 7 for more information

16. **New Local Government Association (LGA) website**

The LGA are in the final stages of producing a new website for members of the LGPS in England and Wales. The existing tools will be replicated on the new site, though revamped to make them more user-friendly and accessible. Users will see improved accessibility across the site, in both design and readability. The LGA will contact all administering authorities when they have a confirmed launch date. They will also supply new branding guidelines that will help funds to implement them in our own publications.

The address of the website will not change – www.lgpsmember.org. The addresses of other pages will change but users who attempt to visit an old page will be redirected to the corresponding page on the new site.

Administering authorities will need to consider updating any direct links to individual pages on the national website that they include in member correspondence, guides or websites when the new site goes live.

17. **The Pension Regulator – Protecting Savers**

Charles Counsell, Chief Executive at TPR, published a blog called 'Protecting savers in 2022: disrupting crime, managing climate risk and embracing diversity' on 24 January 2022. The blog sets out what 2022 will bring to workplace pensions, including TPR's plans for the year.

Please refer to Appendix 8 for more information

18. **The Pension Regulator (TPR) encourages schemes to report pension scams**

On 18th January 2022, TPR published a press release relating to pension scams. TPR believe that too few schemes are reporting suspected pension scams. Nicola Parish, TPR's Executive Director of Frontline Regulation, said:

“We’ve seen little evidence that the pensions industry is reporting its suspicions and this lack of data makes it difficult to accurately determine the scale of the problem and put in place successful interventions”.

Please refer to the ‘Avoid Pension Scams’ page of TPR’s website for information on how to report suspected scams.

Please refer to Appendix 9 for more information

19. **Refreshed training for board members**

On 27th January 2022, the CIPFA announced that it had partnered with pension management services, Isio to refresh its current training and support programme for LGPS pension board members. CIPFA expects to hold the first event of the programme re-launch in London in May 2022.

Please refer to Appendix 10 for more information

20. **National LGPS Frameworks News Bulletin Edition 6**

The National LGPS Frameworks has recently published News Bulletin Edition 6.

The bulletin includes articles on:

- new frameworks for 2022
- developments in 2021
- looking for volunteers to be founders for the next framework on legal services.

Please refer to Appendix 11 for more information

21. **National LGPS Technical Group minutes**

On 17th December 2021, the LGA published the minutes of the National LGPS Technical Group meeting held on 7th December 2021.

Topics discussed included:

- McCloud preparations
- Pensions Dashboards
- The Conditions for Transfers Regulations 2021 and the impact on administering authorities processes and communications
- Standard process and communications for administering authorities to use when they receive a data subject access request
- Agreement to produce an historical timeline of pension scam information to help administering authorities deal with transfer out complaints
- The decision not to recommend changing the LGPS regulations to include emoluments for electric vehicles as pensionable

- An update about the poor level of service from Prudential.

The next meeting will be held on 11th March 2022.

Please refer to Appendix 12 for more information

21. **Stronger Nudge to pensions guidance**

The DWP responded to the consultation 'Stronger Nudge to pensions guidance' on 17th January 2022.

On the same day, the DWP laid before Parliament the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022.

The regulations come into force on 1st June 2022.

The regulations will require LGPS administrators to give to their members, in certain cases, a stronger nudge to Pension Wise guidance.

Administering authorities will need to give provide a stronger 'nudge' to Pension Wise guidance when they receive a members Additional Voluntary Contribution (AVC) application or on or after 1st June 2022. The regulations also apply to applications from members aged 50 or over to transfer out their AVCs.

Giving the stronger nudge means that administering authorities must, as part of the application process:

- offer to book a Pension Wise appointment on behalf of the member
- where the member accepts, take reasonable steps to book the appointment
- where the member does not accept the offer, or where the authority is unable to book the appointment despite having taken reasonable steps, give details to the member of how to book an appointment themselves
- explain to the member that the authority cannot proceed with the application unless the member has attended the appointment and confirmed this to the authority, or has opted out of attending an appointment, and
- explain to the member that they can only opt out in respect of the application by giving (either verbally or in writing) a notification to the administering authority. The member may only give the notification in a separate communication made solely for that purpose (such as a separate phone call, or separate digital / postal form)

There are some exceptions to the above rules. For example, where the application is to transfer AVCs, the member does not have to give the notification opting out of attending an appointment in a separate communication that is for this sole purpose.

Administering authorities must keep a record of whether, in respect of an application, the member attended a Pension Wise appointment or opted out of attending one. The authority will also need to keep other records where the member was allowed to opt out in a communication which was not for that sole purpose.

The Pensions Regulator, in its 'Why it's time for trustees to Pension Wise up' blog, confirmed that it will give guidance before 1 June 2022 to help schemes prepare for the changes.

Please refer to Appendix 13 for more information

22. **LBE Administration work priorities**

The Pensions Team has recently introduced new software called 'Insights', which provides more effective reporting functionality.

A pre-valuation meeting has been held with AON to confirm timelines for work delivery of the triennial valuation.

The Team are working with Scheme Employers and their payroll providers to move away from manual data upload to Heywood's automated system called iconnect. This automation will greatly improve data quality.

The Team are developing further aspects of Member Self Service (MSS) to allow members to update their records and transfer information between the member and the Team.

The Team are currently embarking on the implementation of their training plan in order to effectively train and develop new members of staff as well as cross training current staff in order to create a flexible work force.

23. **The Local Government Association Conference, Bournemouth – Hyman notes**

The conference covered the following area;

- Pensions in the 21st Century,
- How your (SAB) levy is spent
- Divest Now?
- The Scheme member's view
- Panel session – Valuation 2022
- Stewardship code 2020
- Investment outlook

Of direct interest to the administration side of the pensions team;

Cyber security and scams

Across all pension schemes (not just LGPS) the number of schemes impacted by a cyber incident has increased from 3% in 2019 to 7% in 2021. That would equate to around 7 LGPS funds being affected.

McCloud and general outlook

The McCloud timetable has Regulations completed by the summer 2022 recess with final guidance published in winter 2022/23. It is likely that the remedy regulations will not come into force until October 2023 (instead of April 2023).

It was noted that the aggregations window (linking records) is likely to be re-opened as part of the McCloud remedy

Legal Update

The Single Code of Practice is expected to come into force in spring 2022. Funds will then have 12 months to complete their first Own Risk Assessment. It is unlikely to change much from the draft, so there is much which Funds can be doing to prepare, including 'gap' analysis.

New legislation on transfers and scams from DWP in effect from November 2021. Places more responsibility on Committee and Board members with transfers to non-public sector schemes being more arduous for administering authorities to verify.

There are red and amber flag criteria for administering authorities to follow. Where administrators do not have enough evidence to make a judgement, they need to refer members to the MaPS.

The current focus on simple Annual Benefit Statements for DC schemes may be applied to DB and the LGPS

Please refer to Appendix 14 for more information

24. In brief, for info

The Police Superintendents' Association (PSA) is heading to the Court of Appeal in a bid to prevent proposed changes (in connection with the McCloud age discrimination ruling) to public service pension schemes being implemented in April, after the High Court previously dismissed a judicial review claim.

A judicial review is expected to take place during the summer of 2022 on the Government's decision to replace the Retail Prices Index (RPI) with the housing cost-based version of the Consumer Prices Index, known as CPIH, from 2030.

A recent [TPR blog](#) includes a comment that the 2nd consultation on the draft single Code will now be launched in the late summer of 2022.

Please refer to Appendix 15 for more information

25. Key performance Indicator (KPI's)

| QUARTER 3 - 01/10/2021 TO 31/12/2021 | | | | |
|---|-----------------------------------|-----------------------------------|--------------------------------------|------------------------|
| Process | No. of cases commenced in quarter | No. of cases completed in quarter | No. cases outstanding at quarter end | % completed in quarter |
| Key Performance Indicators | | | | |
| Process | KPI | Good Practice Requirement | No of cases completed outside of GRP | |
| Deaths – letter notifying amount of dependants pension | 31 | 2 Months | 8 | 74.19% |
| Retirements – letter notifying estimate of retirement benefits | 70 | 2 Months | 11 | 84% |
| Retirements – letter notifying actual retirement benefits | 87 | 2 Month | 20 | 77% |
| Transfers in/out - letter detailing transfer quote | 88 | 2 Months | 20 | 77% |
| Refund – process and pay a refund | 26 | 2 Months | 0 | 100% |
| Divorce quote - letter detailing cash equivalent value and other benefits | 7 | 2 months | 4 | 43% |
| Divorce settlements – letter detailing implementation of pension sharing | 0 | 3 Months | 0 | n/a |
| Joiners – notifications of date of enrolment | 453 | 2 Months | 0 | 100% |
| ALL OTHER REPORTING AREA's not covered by TPR KPI requirement | | | | |
| Process | No. of cases commenced in quarter | No. of cases completed in quarter | No of cases outside of GPR | % completed in quarter |
| ABS – Communication responding to members query | 5 | 0 | 0 | 100% |
| 50/50 - form processed | 2 | 0 | 0 | 100% |
| Additional Service quotes | 11 | 0 | 0 | 100% |
| Opt Outs - request processed | 66 | 0 | 0 | 100% |
| Additional Service quotes | 0 | 0 | 0 | n/a |
| Additional Pension Contribution (APC) - Request processed | 1 | 0 | 0 | 100% |
| Additional Voluntary Contribution (AVC) - Request processed | 23 | 0 | 1 | 96% |
| General Altair System Amendments (address / nomination etc) | 241 | 0 | 0 | 100% |
| Miscellaneous | 761 | 0 | 11 | 99% |
| Guaranteed Minimum Pension (GMP) notifications | 34 | 0 | 0 | 100% |
| Leaver (- 2 years + 14 service) | 55 | 0 | 0 | 100% |
| Leaver (- 2 years - 14 service) | 0 | 0 | 0 | n/a |
| Frozen Refund Calculations | 74 | 0 | 1 | 99% |
| Deferred | 195 | 0 | 8 | 96% |
| Amalgamation (internal transfers) | 0 | 0 | 0 | n/a |
| Transfer In Authorisation form | 23 | 0 | 1 | 96% |
| Transfer In - IFA Estimate | 3 | 0 | 0 | 100% |
| Transfer In - IFA Actual | 0 | 0 | 0 | n/a |
| Transfer In - Non LGPS - Estimate | 3 | 0 | 0 | 100% |
| Transfer In - Non LGPS - Actual | 1 | 0 | 0 | 100% |
| Transfer Out - IFA Estimate | 60 | 0 | 13 | 78% |
| Transfer Out - IFA Actual | 29 | 0 | 13 | 55% |
| Transfer Out - Non LGPS - Estimate | 22 | 0 | 7 | 68% |
| Transfer Out - Non LGPS - Actual | 0 | 0 | 0 | n/a |
| Annual Allowance (one off yearly project) | 0 | 0 | 0 | n/a |

Main Considerations

26. No main considerations arising from the report.

Safeguarding Implications

27. No Safeguarding implications arising from the report.

Public Health Implications

28. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the Borough

Equalities Impact of the Proposal

29. The Enfield Pension Fund is committed to fairness for all to apply throughout all work and decisions made. The Administration Authority serves all members of the Enfield Pension Fund and employees who are eligible to join the scheme fairly, tackling inequality through the provision of excellent services for all.

Environmental and Climate Change Considerations

30. There are no environmental and climate change considerations arising from the report

Risks that may arise if the proposed decision and related work is not taken

31. The Pension Team risk register is attached to this report

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

32. The Pension Team risk register is attached to this report

Financial Implications

33. There are no financial implication to report

Legal Implications

34. The amended Admissions Policy drafted by the Council's actuaries Aon adhere to the LGPS Regulations 2013.

Workforce Implications

35. There are no workforce implications to report

Property Implications

36. There are no property implications arising from this report

Other Implications – None

Options Considered – none

Conclusions – None

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Appendices

Appendix 1

CPI rate confirmed

<https://questions-statements.parliament.uk/written-statements/detail/2022-01-20/hcws548>

Appendix 2

Driving Good Governance in the LGPS

Hymans video link <https://vimeo.com/672375949>

Appendix 3

McCloud Update

https://publications.parliament.uk/pa/bills/cbill/58-02/0211/amend/public_rm_pbc_0121.pdf

<https://bills.parliament.uk/bills/3032>

Appendix 4

DWP launch second review of State Pension age

<https://www.gov.uk/government/news/second-state-pension-age-review-launches>

Appendix 5

Pensions Dashboard Programme update

<https://www.gov.uk/government/consultations/pensions-dashboards-consultation-on-the-draft-pensions-dashboards-regulations-2022>

<https://www.pensionsdashboardsprogramme.org.uk/2022/01/11/supporting-a-market-for-pensions-dashboard-providers/>

Appendix 6

HMRC – Managing Pension Schemes

<https://www.gov.uk/government/publications/pension-schemes-newsletter-136-january-2022/pension-schemes-newsletter-136-january-2022>

Appendix 7

The 2019 Section 13 report

<https://www.gov.uk/government/publications/local-government-pension-scheme-review-of-the-actuarial-valuations-of-funds-as-at-31-march-2019/lgps-england-and-wales-section-13-report-31-march-2019-executive-summary>

Appendix 8

The Pension Regulator – Protecting Savers

<https://blog.thepensionsregulator.gov.uk/2022/01/24/protecting-savers-in-2022-disrupting-crime-managing-climate-risk-and-embracing-diversity/>

Appendix 9

The Pension Regulator encourages schemes to report pension scams

<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2022-press-releases/failing-to-report-scams-is-a-failure-to-protect-savers-says-tpr>

<https://www.thepensionsregulator.gov.uk/en/pension-scams>

Appendix 10

CIPFA partners with Isio to refresh its training for board members

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-and-isio-partner-to-deliver-training-to-lgps-pension-board-members>

Appendix 11

National LGPS Frameworks News Bulletin Edition 6

<https://lgpslibrary.org/assets/bulletins/2022/219AppA.pdf>

Appendix 12

National LGPS Technical Group minutes

<https://lgpslibrary.org/assets/minutes/TG20211207.pdf>

Appendix 13

Stronger Nudge to pensions guidance

<https://blog.thepensionsregulator.gov.uk/2022/01/13/why-its-time-for-trustees-to-pension-wise-up/>

<https://www.gov.uk/government/consultations/stronger-nudge-to-pensions-guidance/outcome/government-response-stronger-nudge-to-pensions-guidance>

<https://www.legislation.gov.uk/uksi/2022/30/contents/made>

Appendix 14

The Local Government Association Conference, Bournemouth – Hyman notes

https://www.hyman.co.uk/media/uploads/Conference_Highlights_-_LGA_-_20-21_Jan_2022.pdf

Appendix 15

In brief

<https://blog.thepensionsregulator.gov.uk/2021/12/15/db-code-taking-the-time-to-deliver-the-right-funding-measures/>