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| <u>Committee and date</u> Pensions Board 15 October 2021 10.00am |
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| <u>Item</u> <u>Public</u> |
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Administration and regulatory updates

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1. Summary

- 1.1. The report provides Pension Board members with the latest administration and regulatory updates affecting the Local Government Pension Scheme (LGPS).

2. Recommendations

- 2.1. Pension Board members are asked to note the contents of this report with or without comment.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1. Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to, risks to the fund are minimised. A risk register is kept and updated in line with council corporate policy.

3.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

3.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

3.4. Financial Implications

Currently there are no direct financial implications arising from this report.

3.5. Climate change appraisal

Energy and fuel consumption: No effect

Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

4. Administration and regulatory update

- 4.1. In addition to this report, the Pensions Board are advised to note the pensions administration reports submitted at the Pensions Board meeting of 23 July 2021 and at the Pension Committee meeting on the 17 September 2021.

5. Employer representative vacancy

- 5.1. The vacancy on the Pensions Board has recently been filled following an appointment process undertaken in line with the board's terms of reference. Helen Woodvine from Coverage Care has been appointed as employer representative.

6. Employer's meeting

- 6.1. Pension Board members are reminded that the 2021 employers' meeting is due to take place on 22 November 2021 from 10am to 12pm, this includes time for questions. The meeting agenda primarily focuses on an update from the fund actuary on their initial thoughts regarding the next triennial valuation as at 31 March 2022. The actuary will be covering the following:
- The background to the valuation (what it is, why we do it, including brief commentary on the contrast between funding and accounting figures)
 - The outlook for contributions in general terms, including commentary on impact of key events, for example Covid-19 and the McCloud remedy
 - Overview of the process and timetable
- 6.2. Fund officers will be covering the administration impact of McCloud and the work undertaken so far within this project.
- 6.3. Pension board members, specifically employer representatives, are encouraged to provide feedback to fund officers about the agenda for this meeting and whether there are any specific topics which should be covered.

7. The Pensions Regulators Scams Pledge

- 7.1. The team have recently signed up to join The Pensions Regulators Scams Pledge, to self-certify, in the future, that the fund is committed to tackling pension scams, which can have

devastating consequences for individuals. The fund already has robust procedures in place to protect scheme members and undertakes stringent checks on requests for transferring benefits out of the scheme and regularly warns members about the risk of scams. By taking the pledge, officers are now reviewing practices against The Pensions Regulator's guidance to ensure it is undertaking all required action to protect scheme members from pension scams.

8. Introduction to the LGPS guide

- 8.1. Fund officers have been working with Pension Board members to create an 'Introduction to the LGPS' guide which can then be used for new officers, Pension Board members, Pension Committee members and employers. Due to its size, the new guide has been shared with board members by email prior to the meeting.

9. Annual benefit statements 2021

- 9.1. The fund issued annual benefit statements to both active and deferred members by the statutory deadline of the 31 August 2021. A total of 33,463 statements have been produced. 15,115 actives and 18,348 deferred statements were released to 'My Pension Online'. 209 active and 344 deferred statements were issued in paper format. Seven active statements were unable to be produced, due to an error within the pensions administration system. In total, 6,606 deferred members and 7,870 active members have an email address on their pension record and received an email informing them that their benefit statement was available. The open rate of the deferred member email was 67% and 58% for active members.
- 9.2. To ensure more members can receive the email notification, further work is required to obtain more email addresses and telephone numbers for scheme members in the future and to increase the level of engagement when publishing important documents such as the annual benefit statements. Fund officers are looking into how best this can be tackled with the resource available.

10. McCloud – Public Service Pensions and Judicial Offices Bill

- 10.1. On 6th August 2021 the government published guidance on the Public Service Pensions and Judicial Offices Bill published in July 2021.

- 10.2. The guidance can be found on the gov.uk website here:
<https://www.gov.uk/government/publications/public-service-pensions-and-judicial-offices-bill/guidance-on-the-public-service-pensions-and-judicial-offices-bill>
- 10.3. As well as providing an overview of the bill's contents, the guidance confirms the government's decision to waive the impact of any ceiling breaches that arise as part of the 2016 cost control valuations process, but to honour any floor breach, meaning no member will see a reduction in benefits and be worse off as a result.
- 10.4. The guidance also sets out:
- that members do not need to submit a claim to receive the pension changes
 - why members who joined between 2012 and 2015 are not in scope
 - issues regarding affected members who have retired or will retire before scheme legislation is introduced
 - that individual schemes will carry out consultations on more detailed scheme-specific changes once the bill is introduced
- 10.5. The guidance also confirms (dependent on the eventual policy) that it would be helpful if scheme members kept their paperwork related to tax from April 2014 onwards - this includes all self-assessment returns, P60s, annual benefit statements and documents relating to any other personal or occupational pension schemes, as the scheme changes may lead to changes in annual or lifetime allowance. This is something the fund will communicate in any upcoming communications regarding McCloud.
- 10.6. More recently, the Public Service Pensions and Judicial Offices Bill received its second reading on 7 September and moves to committee stage from 11 October 2021. It is expected that government amendments at this point in the process will provide more detail on the application of remedy to the LGPS.
- 10.7. Fund officers are undertaking data analysis to identify any significant gaps in the data which has been supplied by scheme employers since the introduction of the 2014 Scheme, to determine the next steps required for the fund to implement the proposed legislation when it is laid.

11. The Pension Regulator's Single Code of Practice

- 11.1. On 24 August 2021, the Pensions Regulator (TPR) issued its interim consultation response to the recent new single code consultation accompanied by a press release:
https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice/interim-response-to-consultation-on-tprs-new-code?utm_source=Outlook&utm_medium=email&utm_campaign=new_code_event_24082021
- 11.2. TPR received 103 responses, of which 24 were from public service pension schemes, in total around 10,000 individual answers to questions were supplied. No firm final publication date has been provided for the new code and due to the level of responses, TPR do not expect to be putting this before parliament before Spring 2022, and therefore unlikely to become effective in Summer 2022.
- 11.3. However, officers will be starting preparations for the new code by reviewing the interim response.

12. The Pensions Regulator's annual scheme return

- 12.1. On the 29 September 2021, the Pensions Regulator (TPR) issued its annual scheme return which must be completed by on behalf of the Scheme Manager by 10 November 2021. Fund officers have started to gather the information required to complete the return. Pension Board members can find more information about the scheme return and what information needs to be provided in **Appendix A**.

13. Improvements to 'My Pension Online'

- 13.1. Fund officers have been working with the Pensions Administration System supplier to improve the registration and login process for scheme members accessing 'My Pension Online'. Improvements to the member journey when accessing 'My Pension Online' have been identified and are being tested, with the aim to be implemented in the coming weeks.

14. Leavers forms through the i-Connect data portal

- 14.1. Fund officers will be working with scheme employers to improve the process when submitting pension leaver forms. These forms are used to notify the fund of a leaver and are used to provide data to calculate the correct pension benefits according to the reason for leaving. Currently, employers are asked to submit leavers forms via email or through a paper copy. Going

forward, employers will be asked to submit forms through the secure i-Connect data portal, improving the security of data flow. All scheme employers have been using i-Connect to submit monthly data to the fund for several years. This new feature will allow employers to upload leaver notification forms directly to the pensions administration system when a leaver has been identified and provides a secure portal for this data to be sent.

15. Team update

- 15.1. Recruitment is underway for the four new posts which have been created within the Pensions Administration Team. Interviews have taken place for one out of the four new roles and with one verbal offer made. Shortlisting is taking place with the remaining vacancies.

16. Pension administration budget

- 16.1. The cost of pension administration is detailed in the fund's annual report. The fund accounts, along with the total administration costs for 2020/21, were agreed at Pensions Committee on the 17 September 2021.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 17 September 2021 Pensions Administration Report

Pensions Committee Meeting 17 September 2021 Pensions Annual Accounts 2021

Pensions Board Meeting 23 July 2021 Administration report

Pensions Board; 15 October 2021: Administration and regulatory updates

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

Appendix A – Scheme return guidance