

## Update of Matters circulating that are likely to affect Scheme Administration    MAY 2017

Organisation	Subject	Link	Comments
HM Treasury	Pensions scams: consultation	<a href="https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation">https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation</a>	Published 5 December and closing on 13 February 2017, This consultation sets out a package of measures aimed at tackling three different areas of pensions scams, a cold calling ban consulting on clarifying the law so that Funds can block pension transfers based if concerned it's a Scam, and looking at single member occupation pension schemes only being registered by active companies
<b>UPDATED</b>	Indexation and equalisation of GMP in public service pension schemes	<a href="https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes">https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes</a>	Published on 28 November 2016, and a response sent from APF; this consultation gave three options for increasing Guaranteed Minimum Pensions (GMP) within the public sector for those reaching State Pension age from 6 December 2018. Whilst a preferred option was given, the response also gave support to a fourth option suggested by the Fund Actuary which proposed that central government should adopt some of the cost instead of passing this to the pension schemes involved. A response is not scheduled until next year.
	Reforms to public sector exit payments: response to the consultation  No further progress and introduction will be put back as a result of General Election	<a href="https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments">https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments</a>  <a href="http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf">http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf</a>	Introduction of new regulations for exit payments appear to have been further delayed. <ol style="list-style-type: none"> <li>1. recovery of exit payments for high earners who are re-employed actual regulations expected any time</li> <li>2. the £95k cap for exit. Employment Enterprise Regulations have commencement regulations effective from 1 February 2017 short consultation possible awaiting further information</li> <li>3. Third tranche on exit payments Government responded to the consultation on reforming exit payments across the public sector. Departments asked to submit details of their proposals, including limits on employer funded early access to pension benefits (e.g. redundancy and business efficiency retirements in the LGPS).</li> </ol>
HM Revenues & Customs	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union decision in PPG	<a href="https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union">https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-</a>	Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice. Consultation closed 31 December 2017

		<a href="#">union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision</a>	
<b>DCLG</b> <b>UPDATED</b>	LGPS Regulations: Draft Amendment Regulations with Best Value & Fair Deal consultation and freedom and Choice options	<a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations">https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations</a>	<p>This consultation reviews the approach for Best Value and Fair Deal for the transfer of staff. Closed 20 August 2016. Response has led to DCLG deciding to split these away from the amendment regulations as rethink required. Nothing expected before June 2017</p> <p>The other amendments will be processed earlier but need changes to the Freedom and Choice section so short consultation may be required. Provisional expected date of Mar/Apr 2017 is appears unlikely</p>
<b>The Pension Regulator (TPR)</b>	<p>TPR provides guidance for trustees setting and monitoring investment strategies PN17-12 [30/03/2017]</p> <p>Clarification sought from TPR on LGPS implications [27/4/2017]</p>	<a href="http://www.thepensionsregulator.gov.uk/press/pn17-12.aspx">http://www.thepensionsregulator.gov.uk/press/pn17-12.aspx</a>	As part of its strategy to produce simpler guidance for occupational pension schemes, The Pensions Regulator (TPR) has recently published new <a href="#">investment guidance</a> for trustees.
<b>Government Actuaries Department (GAD)</b>	Managing risks in the public service pension schemes	<a href="https://www.gov.uk/government/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms">https://www.gov.uk/government/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms</a>	GAD has published a document outlining its thoughts on a report published in June from the National Audit Office on the Government's public sector pension liability. The document sets out some ideas on appraising long-term risks for public sector pension schemes.
<b>Financial Conduct Authority (FCA)</b>  <b>UPDATED</b>	CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III	<a href="https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation">https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation</a>	<p>This consultation closed on 4 January 2017, and looked at the Markets in Financial Instruments Directive II (MiFID II) which takes effect on 3 January 2018. The main concern for the LGPS is all investors would be treated as “retail” investors as opposed to “professional” clients. This would have significant implications for the investments available to LGPS Funds and significantly impede the implication of investment pooling. A response was drafted by the Brunel Pension Partnership on behalf of the 10 Founder Funds and can be viewed at the following link:  <a href="https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation">https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation</a></p> <p>The FCA will be issuing its response and any changes to the criteria to enable LGPS funds to opt up more easily by end of June 2017. Investment Management Association working with LGA and FCA to</p>

			agree standard LGPS opt-up template for all investments managers to use to reduce burden on LGPS funds (have to be approved by each of your managers)
<b>Scheme Advisory Board(SAB)</b>	Academies' review  Academies and the LGPS	<a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a>  Above link has been updated to report these developments  <a href="#">S:\Pensions\Users Shared\Communication\Pension Board\LGPS Information Notes on Academies from DCLG and DFE April 2017</a>	Ministers agreed that DfE, DCLG, GAD and the Board should continue to work closely together to pursue solutions, engaging key stakeholders including pension funds, actuarial firms and academy trusts as appropriate.  The next stage will be to gather relevant evidence and develop specific proposals for change that the Board will consider before submitting its recommendations to Ministers for their consideration.  A series of information pages on the Local Government Pension Scheme (LGPS) as it affects academies in England. Was released by DCLG and DFE. In April, 2017
	Investment fees - Code of Transparency	<a href="http://www.lgpsboard.org/index.php/structure-reform/cost-transparency">http://www.lgpsboard.org/index.php/structure-reform/cost-transparency</a>	The move toward investment fee transparency and consistency is seen by the Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the government's criteria for pooling investments.  To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis the Board is working to develop a voluntary Code of Transparency for LGPS asset managers
<b>NEW</b>	Committees – membership & remit	<a href="http://www.lgpsboard.org/index.php/sub-comms/membership-remit">http://www.lgpsboard.org/index.php/sub-comms/membership-remit</a>	The new Committee and sub-Committee have been announced. Alan South [Technical Advisor] is a substitute for the Cost Management & Scheme Design Committee as a practitioner representative.
<b>CIPFA NEW</b>	LGPS Fund Accounts 2016/17: Example Accounts and Disclosure Checklist [Dec 2016]	<a href="http://www.cipfa.org/policy-and-guidance/publications/i/lgps-fund-accounts-201617-example-accounts-and-disclosure-checklist-online?">http://www.cipfa.org/policy-and-guidance/publications/i/lgps-fund-accounts-201617-example-accounts-and-disclosure-checklist-online?</a>	
	Investment pooling guidance	<a href="http://www.cipfa.org/policy-and-guidance/publications/i/investment-pooling-governance-principles-for-lgps-administering-authorities-">http://www.cipfa.org/policy-and-guidance/publications/i/investment-pooling-governance-principles-for-lgps-administering-authorities-</a>	Guidance for Funds to consider when setting up pooling of investments.

		<a href="#">online</a>	
	Funding Strategy Statement Guidance	<a href="http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition">http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition</a>	This guidance has now been published and it helps authorities to review and update their FSS to take account of this new guidance and associated regulatory changes.