

Update of Matters circulating that are likely to affect Scheme Administration MAY 2018

| Organisation | Subject | Link | Comments |
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| HM Treasury | Pensions scams: consultation | https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scams_consultation_response.pdf | <p>Awaiting response to consultation</p> <p>Government Response issued August 2017 outlines key areas</p> <p>a ban on cold calling in relation to pensions, to help stop fraudsters contacting individuals</p> <p>limiting the statutory right to transfer to some occupational pension schemes</p> <p>making it harder for fraudsters to open pension schemes</p> |
| UPDATED | Indexation and equalisation of GMP in public service pension schemes Published on 28 November 2016 Consultation ended 20 February 2017 | 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/consultation-on-indexation-and-equalisation-of-gmp-in-public-service-pension-schemes | <p>APF responded to consultation in Feb 2017</p> <p>On 22 January 2018, HMT published its response to the consultation.</p> <p>The government has been implementing an “interim solution” between 6 April 2016 and 5 December 2018. The consultation directs that this solution will be extended for a further two years and four months. This will cover those members of public service schemes with a GMP who reach state Pension Age on or after 6 December 2018 and before 6 April 2021. During this period, the government will investigate the possibility of an alternative long-term methodology, known as “conversion”.</p> <p>Government Actuary has issued an addendum to the guidance for Transfer and Divorce calculations</p> |
| | Reforms to public sector exit payments: response to the consultation | https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf Bill stages — Public Sector Exit Payments (Limitation) Bill 2017-19 — UK Parliament | <p>No Further progress</p> <p>Further clarification on the claw back for re-employment in first year and setting the exit cap at £95k are still awaited</p> <p>The third more broader proposals in the third consultation no immediate development on these has been reported</p> <p>A Private Member’s Bill the Public Sector Exit Payments (Limitations) Bill 2017 was introduced in Sept 2017 and its rescheduled second reading is set for 11 May 2018</p> <p>To date no details have been made available</p> |

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| 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 | 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-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 | 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 |
| MHCLG | LGPS Regulations: Amendment Regulations with Best Value & Fair Deal consultation and freedom and Choice options | Regulations http://www.legislation.gov.uk/uk/si/2018/493/contents/made Government response to consultation https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations | <p><i>This consultation covers operational amendments to clarify areas of uncertainty within the original 2013 regulations</i></p> <p>Main changes</p> <p><i>Inclusion of Exit Payment where Employer leaves Fund with a surplus</i></p> <p><i>Change to allow members from previous regulations to elect for immediate benefits without employer consent if aged between 55 and 60 (subject to any other restrictions)</i></p> <p>Not included from draft</p> <p><i>Simplifying aggregation so automatic transfer with 12 months to keep separate has been maintained. [The proposed change in the draft is contrary to the Public Services Pensions Act 2013 on the final salary link]</i></p> <p><i>Best Value and Fair Deal for the transfer of staff is to be brought forward at later date..</i></p> <p><i>Changes to regulations for Freedom and Choice despite numerous discussions with AVC providers will not be processed further and members will have to transfer out any AVC to take up any drawdown provision. [It would create substantial administrative complexities, primarily due to difficulties standardising procedures among a large number of AVC providers</i></p> |
| New | Insolvency regime for further education and sixth form colleges technical consultation | Technical and Further Education Act 2017 | In July 2016 the Department for Business, Innovation and Skills (BIS) published a consultation to develop an Insolvency Regime for the Further Education and Sixth Form College Sector. Following changes in |

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| | | http://www.legislation.gov.uk/ukpga/2017/19/contents Consultation https://consult.education.gov.uk/fe-college-quality-and-resilience-team/fe-insolvency-regime/ | <p>departmental responsibilities, this consultation was later taken over by the Department of Education.</p> <p>The to the consultation on 5 August 2016, LGA responded raising concerns that all steps are taken to prevent any risk arising that the pension liability of a college falls on to other employers in an LGPS fund, and ultimately the taxpayer.</p> <p>the Technical and Further Education Act 2017 set out the framework for an insolvency regime, which applies aspects of existing insolvency law to further education and sixth form colleges in England and Wales. A further consultation (which opened on 18 December 2017 and closes on 12 February 2018) from the Department of Education, seeks views on the technical detail of the insolvency regime and sets out proposals as to how colleges at risk of (or in) insolvency will be dealt with in practice. It also outlines plans to further improve monitoring and support available to colleges in financial difficulty.</p> |
| | Co habiting Partners Update Elmes v Essex CC | | <p>The Brewster court case in Northern Ireland raised the issue of whether this was overriding on the LGPS in England and outcome of this case was awaited to clarify the position.</p> <p>This case declared that <i>“The requirement to nominate a person under regulations 24 and 25 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 is incompatible with Article 1 of the first Protocol to, and Art 14 of, the European Convention on Human Rights and must therefore be disapplied”</i>.</p> <p>This effectively removed the requirement for a nomination form from regulations and enables an LGPS administering authority to pay a partner’s pension, to the partner (who meets the definition of co-habiting partner set out in schedule 1 of the LGPS Regulations 2013) of a deceased member who died regardless of whether a nomination form had been received. All such cases within the period 1 April 2008 to 1 April 2014 are to be reassessed 12 such cases have been identified and letters sent to the potential respective partners. The 2013 scheme regulations did not have this restriction.</p> |
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| The Pension Regulator (TPR) | TPR provides guidance for trustees setting and monitoring investment strategies PN17-12 [30/03/2017] Clarification sought from TPR on LGPS implications [27/4/2017] (Follow up sent 30/05/2017) | http://www.thepensionsregulator.gov.uk/press/pn17-12.aspx Response from TPR | <p>As part of its strategy to produce simpler guidance for occupational pension schemes, The Pensions Regulator (TPR) has recently published new investment guidance for trustees.</p> <p>The guidance was developed for trust-based DB schemes and is not explicitly for LGPS funds, but some of the principles will apply to LGPS funds so they may wish to consider it as appropriate.</p> |

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| | Public Sector pensions website update | http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx | The Regulator dedicated public sector web pages provides a wealth of information regarding its Code of Practice 14 and public service toolkit. The toolkit which provides a foundation to effective scheme governance and administration has been updated and additional guides and checklist published. |
| | Annual survey of public sector schemes | http://www.thepensionsregulator.gov.uk/docs/public-service-research-2017.pdf | The 2017 annual benefit statements were despatched and the Fund will be considering the findings of the Regulator's 2016 annual survey results and any actions required to be implemented relating to governance, internal controls, record keeping and member communication. |
| Information Commissioners Office | General Data Protection Regulations (GDPR) | https://ico.org.uk/for-organisations/dataprotection-reform/overview-of-the-gdpr/ | <p>Comes into effect on the 25 May 2018 and replaces the Data Protection Act 1998. Introduces new obligations on data controllers. The Fund is both a data controller and a data processor and needs to ensure that it has appropriate processes in place in order to comply with the changes being introduced.</p> <p>Avon Pension Fund is working closely with other depts. In B&NES and seeking cooperation with other Funds in developing project plans, Sessions have been held with the Chief Auditor. The Pensions Manager is involved within the B&NES process for rolling out.</p> <p>LGA on behalf of LGPS Administering Authorities, commissioned Squire Patton Boggs who have produced the following.</p> <p>1. 'Template privacy statements' specifically for LGPS administering authorities that administering authorities can use /adapt:</p> <p>a. A detailed privacy notice – setting out the information to be provided under articles 13 and 14 of the GDPR.</p> <p>b. A summary privacy notice for use in newsletters / annual benefit statements etc. –</p> <p>2. A memorandum of understanding document for employers - the aim of this document is to set out that participating employers in the LGPS are able to share data with the LGPS administering authority without a data sharing agreement being in place (i.e. that there is no legal requirement for employers to have a data sharing agreement with LGPS administering authorities as they are both data controllers).</p> <p>Privacy Notice APF have adapted these with approval from BANES Data Protection Officer</p> |

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| | | www.avonpensionfund.org.uk/privacy-notice | <p>however it still requires the insertion of BANES Privacy Notice (!). This will be published on the APF members' website</p> <p>All pensions staff to be informed, of its publication and how to direct members to it – if there are any calls about “data protection”</p> <p>Information about GDPR and the Privacy Notice has/will be going out to members via newsletter articles as well as being on the website.</p> <ul style="list-style-type: none"> • Pensioner Newsletter (out by end of May) • Active Newsletter (out by end of May/early June) • Deferred Newsletter (out by mid-June) <p>Memorandum of Understanding [MOU]</p> <p>The MOU has also been produced and approved and is expected to have been sent out before this Board meeting</p> |
| Financial Conduct Authority (FCA) UPDATED | CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III | https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation | <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.</p> <p>The FCA has set the opt up criteria to take the LGPS decision making characteristics into account. The opt up template for LGPS funds has been issued. APF have opted up</p> |
| Scheme Advisory Board(SAB) consultation | Academies' review Academies | http://www.lgpsboard.org/index.php/structure-reform/review-of-academies | <p>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.</p> <p>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.</p> <p>The SAB is undertaking work to set out options for managing the academy sector within the LGPS. They have published a consultation on the objectives for the next stage of the consultation. The Fund's response was approved at Sept 2017 Pensions Committee.</p> |
| Consultation UPDATED | Cross Pooling | | <p>In February 2018 SAB approved an elected member led Cross Pool Forum comprising three representatives from each of the eight pools and three trade union representatives to share and disseminate information on the pooling of LGPS assets and steps are being taken to establish this</p> |

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| | | http://www.lgpsboard.org/images/PDF/Publications/Cross_Pool_Open_Forum_main_slide_pack.pdf | As a result of the responses to the consultation on 27th March 2018 the Chairs of LGPS pension committees and local pension boards attended an open session where representatives from the eight asset pools reported on their progress in establishing their organisational structures and governance arrangements. A copy of the presentations used on the day is included here.. |
| UPDATED | Tier 3 employers | http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid | <p>Covers those Fund employers with no tax raising powers or guarantee. SAB is keen to identify the risk to LGPS Funds of default by such employers.</p> <p>There are currently two concurrent phases of work involved – collating data and identification of issues.</p> <p>SAB tier 3 employer project carried out by Aon Hewitt– extension of surveys deadline to 31 January 2018 APF have completed survey</p> <p>SAB will then assess the risks to Funds and consider next steps.</p> <p>Aon reported to SAB on progress made to date and it was agreed that once they had analysed the information received they will prepare their draft report for consideration at the next Board meeting on the 27th June 2018.</p> |
| The Pensions Ombudsman [TPO] NEW | Publication of the Pensions Ombudsman public pension scheme statistics enquiries & investigations | http://lgpslibrary.org/assets/bulletins/2018/168App1.pdf | The Pensions Ombudsman has released a summary of the statistics concerning the enquiries and investigations undertaken on behalf of the Local Government, Police, Firefighters and Teachers Pension Schemes. For the LGPS, the statistics reveal that ill health remains the most common type of complaint, followed by incorrect calculations. |

Those highlighted in Grey are those previously reported but no further developments or updates have occurred

These will then be removed from next list unless further developments are expected