List of current developments affecting or expected to affect Scheme Administration - May 2019

<table>
<tr><th colspan="2">SCHEME ADVISORY BOARD [SAB]</th></tr>
<tr><td colspan="2"></td></tr>
<tr><td>*New Item*
Annual Report for the LGPS 2017/18</td><td>The SAB has published its sixth Annual Report for the LGPS in England and Wales, see link here. The aim of the report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. Continually improving key information about the Scheme as a whole is one of the top priorities of the Board. This report aggregates information supplied in the 89 fund annual reports, as at 31st March 2018.

Here are some key LGPS highlights for 2018:

• The total membership of the LGPS grew by 197,000 (3.4%) to 5.8m members in 2018 from 5.6m in 2017.
• The total assets of the LGPS increased to £275bn (a change of 5%). These assets were invested in pooled investment vehicles (54%), public equities (29%), bonds (7%), direct property (3%), as well as other asset classes (7%).
• The Local Authority return on investment over 2017/2018 was 4.4%. This was reflective of the market conditions during the year and set against the UK Return of 0.2%.
• The scheme maintained a positive cash-flow position overall. Scheme income was higher than total scheme outgoings by £500m; this is including investment income.
• Over 1.7m pensioners were paid over the year.</td></tr>
<tr><td>Local Pension Boards</td><td>Latest Update from SAB Meeting 8 Apr 2019:-

Board members were advised that a working draft of the new local pension board survey was near to completion. It was agreed that delegated authority should be given to the Chair of the Investment committee to agree the final draft and publication arrangements to ensure that the survey was undertaken outside of the main Summer holiday break.

Previous Update from SAB Meeting 16 Jan 2019:-

Following concerns raised at the Investment committee about the effectiveness of some local pension boards, the Board agreed that the Secretariat should prepare a draft survey to build on the one undertaken in 2017. The draft will be considered by the Board when it next meets in April and, subject to their agreement, will be undertaken in the early Summer.</td></tr>
</table>

Workplan 2019/20	**Latest Update from SAB Meeting 8 Apr 2019:-** The Board considered a follow-up paper to the one agreed at the January 2019 meeting that set out in more detail the requirements for an ongoing reserve and how it would be used in 2019/20. Board members were advised that sufficient funds would be available to pay for any additional work arising from the Good Governance project over and above the contract price. The Board agreed that the 2019/20 budget and workplan as set out in the revised paper should be sent to MHCLG Ministers for consideration and approval. **Previous Update from SAB Meeting 16 Jan 2019:-** The Board considered a paper setting out an early indicative proposed budget and workplan for 2019/20. Although members were advised that no new major projects were envisaged and that the year should be regarded as a period of consolidation, it was suggested that some work on annual and lifetime tax allowances may be necessary. The Board agreed that the Secretariat should continue to firm up the 2019/20 budget and workplan with the view of this being submitted to MHCLG in February.
Cost Cap Controls	**Latest Update from SAB Meeting 8 Apr 2019:-** The Board was advised that the Civil Service Pension Scheme's Advisory Board had recently written to their Minister setting out their agreed package to recover the cap breach of 5.4% and asking that the process, despite being paused, should be allowed to proceed as far as is possible. Board members were further advised that similar actions were being taken by the advisory boards of the other public service pension schemes and that it was open to them to agree to do likewise for the LGPS. The Board agreed that a letter in these terms should be drafted by the Secretariat for members to consider and approve. The letter will invite the Minister to open discussions with the Board about any alternative cost management package and seek his agreement that the Board must be part of any future discussions surrounding the remedy package should the McCloud judgement stand. Around 70 responses were received to the previous question posed to Administering Authorities, with regards to the 2019 valuation (see previous update), with the significant majority expressing a preference to receive central guidance, following which board published an advice note covering the implications of McCloud/Cost Cap in relation to the 2019 fund valuations on 14 May 2019. **Previous Update:-** **On 16 Jan 2019** at the SAB Meeting the Board was advised that since it had last met, there had been ongoing discussions with MHCLG and other interested parties regarding the package of scheme improvements formulated by the technical group commissioned by the Board and subsequently agreed by the Board itself to bring the scheme's costs of 19.0% back to the target cost of 19.5%. It was confirmed that a Q&A document to assist administering authorities in

	explaining the cost cap arrangement and its implications to scheme employers and others would be produced. Board members expressed concern that in the absence of any agreement by government on the Board's agreed package that the deadline of 1st April 2019 for regulatory changes to be introduced was becoming increasingly challenging. **On 30 Jan 2019** the Government announced a pause in the cost cap process due to uncertainty caused by a court ruling on elements of the 2014/15 scheme reforms. The Written Ministerial Statement setting out the reason for the pause can be found here, together with a summary of and the full Court of Appeal ruling in the case of The Lord Chancellor and Secretary of State for Justice and another v McCloud and Mostyn and others [2018] and Sargeant v London Fire and Emergency Planning Authority and others [2018]. Also listed is a letter from MHCLG confirming that the WMS applies equally to the LGPS as to the unfunded public service schemes. **On 7th February** the SAB received confirmation that the cost cap pause and the uncertainty caused by the McCloud case announced in the Written Ministerial Statement applies equally to the LGPS as to the unfunded public service pension schemes. Given that confirmation the SAB considered it had no option but to pause its own cost management process pending the outcome of McCloud. As a result there are currently no changes to benefits planned in respect of the cost cap. This situation will be reviewed once McCloud is resolved which is not expected for some months. **On 14th February** the SAB published a Q&A on the McCloud case and it's potential impact on cost cap for administering authorities, the link can be found here. There was an action for administering authorities to respond to the below question regarding the 2019 valuations:- ***Question for LGPS administering authorities*** *With regards to the 2019 valuations would you prefer:-* *A) To receive guidance from the SAB designed to promote a consistency of approach on how McCloud and/or cost management should be taken account of as part of the 2019 triennial valuation exercise. Such guidance would take the form that;* *i. If there is no finalised outcome on McCloud/Cost cap (including a commitment by government to detailed benefit changes) by 31st August 2019 then the scheme benefit design used in the valuation should be as set out in current regulations.* *ii. Each administering authority would then, with their Actuary, consider how they approach (and reflect in their FSS) the risk around this matter in the same way as they would for other financial, employer and demographic risks.* *iii. Once the outcome of McCloud is known and appropriate benefit changes are made administering authorities would, if they deem appropriate, re-visit employer contributions under such guidance or provision in regulation as*

	may be available at that time. *iv. A consistent approach to delaying or method of estimating exit credits and payments* *Or* *B) To have no central guidance and instead leave it to each administering authority to determine their own approach to their valuation (including any potential cost from McCloud or cost cap) taking advice from their actuarial adviser.* **APFs response** was submitted in favour of option A as we believe consistency across the scheme is preferable. However the guidance should not be too rigid or prescriptive, leaving funds with local discretion to have flexibility to apply within the framework of their valuation outcome. Therefore the guidance should be limited to principles and direction. **Previous Update:-** SAB members were provided with a summary of the statement made by the Chief Secretary to the Treasury on the 6th September regarding the scheme valuations for the public service pension schemes, including the LGPS. **Unfunded schemes,** A reduction in the discount rate that will significantly increase employer contributions. the 2% cost cap floor breached leading to member benefits improvements. **Funded Scheme LGPS** Cost cap floor breeched but discount rate does not directly impact employer rates. LGPS, employer rates are set by local fund valuations (next in 2019) but the cost cap mechanism does potentially impact as will lead to improved member benefits. SAB has its own cost management which will allow any agreed changes to benefits to be taken into account before the HM Treasury process begins. As advised by the SAB's actuarial adviser, the total cost of the scheme (employer and employee) under the SAB's process is 19% against a target total scheme cost of 19.5%. SAB agreed to delegate to the Chair and a representative from both the employers and employees' sides, assisted by a small technical group, responsibility for agreeing a package of benefit changes to return the scheme to its total target cost of 19.5% while also looking at employee contributions at the lower end. The resultant package will be put to the full SAB for agreement as soon as possible to ensure that scheme changes are on the statute book by April 2019.

	SAB was also advised that discussions are underway to move local fund valuations to a quadrennial timeframe to ensure consistency with future scheme valuations. This will not, however, have any bearing on the 2019 valuation which will proceed as normal.
Projects in Service Plan for 2018/19	
Improving member data to meet the Pensions Regulator requirements	Project will aim to assist administering authorities in meeting the Pension Regulators requirements for monitoring and improving data. This project would include the identification of scheme specific conditional data and the production of guidance for authorities and employers. SAB are to release guidance as to what constitutes "conditional information" in time for authorities to complete TPR return. Authorities have been advised to complete information as last year and any guidance will now be operative from 2019
Good Governance in the LGPS (Previously Identifying the potential benefits of further increasing the level of separation between the host authority and scheme manager role.)	**Latest Update from SAB Meeting 8 Apr 2019:-** The project team at Hymans Robertson updated the Board on progress to date and next steps. Members were advised that Hymans had approached 15 individuals across the scheme to identify relevant issues concerning administration and governance of the scheme as a means to ensure that future stages of the project, including an online questionnaire, are focussed on relevant and topical issues. The UNISON representative expressed concern that none of the options listed in the paper allowed for wholly new bodies, within the local government legal framework, to be recommended. The Board agreed that Option 4 in the paper should be re-drafted to accommodate for this outcome. Otherwise the Board agreed that Hymans can proceed. **On 17 April 2019** Hymans Robertson launched the Good Governance Project Survey to capture as many views as possible from those working within the LGPS with a closing date for submissions of 31 May. The findings will form the basis for a report that will be submitted to the SAB in July. APF officers have completed the survey. **Previous Update from SAB Meeting 16 Jan 2019:-** The Board was advised that on the 29th November that the project had been awarded to Hymans Robertson. However, concerns were subsequently raised about how Hymans Robertson would manage the potential conflict of interest given their position as clients to a number of LGPS administering authorities and the potential for recommendations to lead to paid work advising on TUPE transfers. At the Board's request, Hymans Robertson prepared a statement explaining how they would manage any conflict of interest given their position as clients to a number of LGPS administering authorities and the potential for recommendations to lead to paid work advising on TUPE transfers, which was subsequently accepted by the Chair and Vice Chair on the Board's behalf.

	The Board also agreed that the project should be re-named from the previous 'Separation Project' as this name had given rise to unfounded fears that options around removing the scheme from Local Authority control were being considered. It was agreed that "Good Governance in the LGPS" better reflected the aims and ambitions of the project to enhance the delivery of the function within local authority structures. This work will begin immediately and Hymans Robertson will be in touch with administering authorities with details of the project, including information on how to complete a questionnaire and further engagement plans. **Previous Update:-** The separation project was put on hold while pooling was in its initial stages however a request has been made to reinstate the project. The objective would be identify both the issues deriving from the current scheme administrative arrangements and the potential benefits of further increasing the level of separation between host authority and the scheme manager role. **<u>Discussed and agreed at SAB meeting 10 Oct 2018</u>** • 3 bids received to undertake the project • SAB members invited to comment on the bids • SAB Chair and Vice-Chair given delegated authority to make final decision
Existing Projects to Continue into 2018-19	
Review of Academies	**Latest Update from SAB Meeting 16 Jan 2019:-** The Board was advised that the work of the academies administration working group had been put on hold due to competing priorities, in particular, work on the Board's cost cap arrangement. Work on this project will now be resumed as a matter of urgency. **Previous Update:-** Ministers agreed that DFE, MHCLG, 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. Two working groups have been set up Administration and Funding **Administration** This group has focussed on 4 key areas :- More consistency in pensions administration More effective communication Improved training at local, regional and national level, and

	Clarifying the duties and responsibilities of stakeholders **Funding** The funding working group is exploring proposals to standardise conversion methodologies, move to single future service rates within each LGPS fund and to better enable MATS to consolidate their schools in one LGPS fund. An option to achieve these objectives from the group was to be discussed at the meeting of the DFE academy working group on 20th June. GAD issued its report: Academies LGPS pension arrangements on 14 Sept 2018 which can be found here. On average academies currently pay 2% of payroll less in contributions than local authorities (LAs) - 21% versus 23%, respectively - despite being 11% worse funded on average (73% versus 84%, respectively). No recommendations but suggest that DfE and MHCLG consider what changes to academy pension arrangements within the LGPS might be appropriate in order to meet policy objectives. It should be noted that, if changes to the current arrangements are not made, we would expect material volatility in academy contribution rates (against local authority rates and other academies) to persist. **Discussed/agreed at SAB meeting 10 Oct 2018** • The Board agreed that the administration working groups work on agreeing a standard monthly data extract should continue to completion • Further work will also be undertaken on training and improving communication within the academy sector • The future programme of the funding working group is to be the subject of discussion with DfE and MHCLG A link to full information on the review of academies is available on the SAB website here.
Tier 3 Employers	**Latest Update from SAB Meeting 16 Jan 2019:-** The Board was advised that the work of the third tier employers' project working group had been put on hold due to competing priorities, in particular, work on the Board's cost cap arrangement. Work on this project will now be resumed as a matter of urgency. **Previous Update:-** 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.

	There are currently two concurrent phases of work involved – Collating data and identification of issues. SAB tier 3 employer project carried out by Aon Hewitt– extension of surveys deadline to 31 January 2018 APF have completed survey SAB will then assess the risks to Funds and consider next steps. **Discussed / agreed at SAB meeting 10 Oct 2018** • Aon's report was published on the 24th September • A working group from the Board will evaluation the various options included in the report and report back to the Board A link to full information on Tier 3 Employers is available on the SAB website here.
Code of Transparency - Compliance System	**Latest Update from SAB Meeting 8 Apr 2019:-** The Board was advised that a technical breach meant that the procurement project had to be cancelled and started afresh. **Previous Update from SAB Meeting 16 Jan 2019:-** The Board was advised that the deadline for bids for the Compliance contract was the 22nd January and that to date, four bids had been received. Once the procurement process has been completed, recommendations will be made by the bidding panel for the Board's consideration. The Board also agreed that the Northern Ireland LGPS should be added to the Code of Transparency. **Previous Update:-** The Board has committed to securing a third party checking service **Discussed at SAB meeting 10 Oct 2018** • 91 Signatories have signed up to the code covering £180bn of scheme assets • OJEU contract notice has been published for the procurement of a code compliance utility A link to full information on Code of Transparency is available on the SAB website here.
Cross Pooling	**Latest Update from SAB Meeting 8 Apr 2019:-**

	The MHCLG representative confirmed to the Board that 93 responses had been received in response to the consultation and that many of these were very detailed and would need very careful consideration. APFs response was submitted on 25 March, a copy of the final response is attached as Appendix 2. **Previous Update from SAB Meeting 16 Jan 2019:-** In January 2019 MHCLG prepared new statutory guidance on LGPS asset pooling. This will set out the requirements on administering authorities, replacing previous guidance, and builds on previous Ministerial communications and guidance on investment strategies. MHCLG are now inviting views on the draft guidance, see link to consultation here. The MHCLG representative confirmed to the Board that the consultation was not a public consultation and has been sent to interested parties (administering authorities, local boards, the SAB and pool companies) for informal comment. Closing date for comments is the 28th March. The Board agreed that member's comments should be sent to the Secretariat who would then draft a composite response to be considered and agreed by the Chair. This would not prevent individual organisations represented on the Board from responding directly to MHCLG provided that it was made clear that it does not represent the views of the Board. Administering authorities are welcome to share the draft guidance with advisors and incorporate their views within the authority's response. **Previous Update:-** 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 be taken to establish this 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. The slides from this session are available here.
Responsible Investment	**Latest Update from SAB Meeting 8 Apr 2019:-** The Board agreed with the recommendation from the Investment, Governance and Engagement committee ("Investment Committee") that the guidance should be web based rather than published in hard copy. A web based project will allow greater flexibility when updating and will also cater for linking with other related work and projects. The Board also agreed the recommendation from the Investment committee that a paper to be submitted by UNISON based on the report they commissioned from ShareAction on ESG policies, in particular, on climate change risk, should be considered by the Board at a future date.

	Previous Update from SAB Meeting 16 Jan 2019:- The Board agreed with the recommendation from the Investment, Governance and Engagement committee ("Investment Committee") that the draft guidance should be extended to include a checklist enabling administering authorities to measure whether their ESG policy, including climate change risk, represents the minimum to comply with the law, good practice or best practice. Work would also be undertaken in conjunction with scheme stakeholders to assist administering authorities in developing a specific policy, if they wish, on climate change risk. **Previous Update from SAB Meeting 10 Oct 2018:-** • SAB agreed that the guidance on Responsible Investment should include reference to the government's latest position on Environmental, Social and Governance (ESG) and, in particular, climate risk. • SAB was advised that Share Action may be approaching LGPS funds to discuss their approach to ESG policies.
The Pension Regulator	**Latest Update from SAB Meeting 8 Apr 2019:-** A presentation was given by representatives from tPR. The main points included – ○ tPR's work within the LGPS was about supervision not enforcement ○ High risk cohort work has been positive with no need for any improvement plans or enforcement action. ○ Some concerns about some employers and fund authorities still using paper data inputs and records. Results will be published in June 2019 on an anonymised basis. ○ Code of Practice 14 is the first requirement that scheme managers should have regard to but there are other codes and practice notes that also need to be taken on board. A copy of the slides can be found on the SAB website here. **Previous Update from SAB Meeting 16 Jan 2019:-** A letter was sent, by the SAB Chair in November 2018, to TPR Chief Executive, Lesley Titcomb, expressing concerns about the burdens being imposed by TPR on individual administering authorities, copy available here. TPR replied in December 2018 and a copy of the response, which can be found here, has been circulated to Board members for comment. Lesley Titcomb also confirmed to the Chair that a senior member of her team will be asked to attend the next Board meeting to discuss the issues further. **Previous Update from SAB Meeting 10 Oct 2018:-**

	• Further to concerns raised by a number of funds, SAB agreed that the Chair should write to the Pensions Regulator about their activities and approaches in dealing with the scheme. • The Pensions Regulator has advised the SAB's Chair that the annual Governance and Administration survey will be issued to fund authorities on the 5 November with completion requested by the end of the month. A preliminary note from the Pensions Regulator will be sent to funds beforehand.
MINISTRY FOR HOUSING COMMUNITIES & LOCAL GOVERNMENT [MHCLG]	
***New Item* MHCLG Consultation on LGPS Local Valuation Cycle and the Management of Employer Risk**	**On 8 May 2019** MHCLG launched a 12 week consultation on policy proposals to amend the rules of the Local Government Pension Scheme 2013 in England and Wales, see link here. It covers the following areas: 1. Amendments to the local fund valuations from the current three year (triennial) to a four-year (quadrennial) cycle 2. A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles 3. Proposals for flexibility on exit payments 4. Proposals for further policy changes to exit credits 5. Proposals for policy changes to employers required to offer LGPS membership APF are current in the process of drafting a response to this consultation which closes on .
***New Item* MHCLG Consultation on Late Retirement Factors**	**On 28 March 2019** MHCLG conducted a short consultation on proposed changes to the late retirement increase factors and guidance with a closing date of 17 April 2019. The consultation document, draft guidance and examples can be found here. The proposals include a change in methodology as well as a change in factors which is intended to remove the 'cliff edge' that was the result of the last factor change in January 2017 for some members. APF submitted a response to this consultation on 11 April 2019 a copy of which is attached as Appendix 4.
MHCLG Consultation on Fair Deal	**Latest Update:-** APF submitted their response to this consultation on 2 April 2019 a copy of which is attached as Appendix 3. At their meeting on 8 March the LGPS Technical group agreed on their response which can be found as an appendix to their March 2019 minutes here. The LGPC also submitted a response which can be found here.

	MHCLG have since reported the following on the response to Fair Deal consultation:- - Total responses received was 79, 35 from LG funds & 9 from scheme employers (+ 7 from outsourced contractors) Disappointing return from scheme employers of which there are now circa 15,000. MHCLG are in the process of analysing all responses & will work with SAB on provision of Guidance. It is hoped that guidance will be published by end of 2019 even if this is ahead of the required change in regulations. **Previous Update:-** On 10 January 2019 MHCLG launched a policy consultation and draft regulations on 'Fair Deal – strengthening pension protection' in the LGPS. The consultation contains proposals to strengthen the pension protections that apply when an employee of a LGPS employer is compulsorily transferred to the employment of a service provider. The proposed amendments to the LGPS Regulations 2013 would, in most cases, give transferred staff a continued right to membership of the LGPS. These changes are intended to bring the LGPS in line with the government's October 2013 Fair Deal guidance that applies in relation to transfers from central government. The consultation closes on 4 April 2019. The LGPC will be responding to the consultation in due course. In addition, the national LGPS Technical Group have created a sub-group to review the impact of the consultation and to make recommendations for response. The sub-group will be working closely with the LGA and MHCLG. Avon Pension Fund will be responding to the consultation and circulating details of the consultation to employers for them to respond also.
***New Item* LGPS (Miscellaneous Amendment) Regulations 2018**	**Latest Update:-** Amendments have been made to procedures/documentation to reflect the changes for deferred members who left the scheme before 1 April 1998. APF are currently in the process of identifying any pensions paid to surviving civil partners and same sex spouses to assess if any additional amounts are due. Statutory guidance will be issued by MHCLG containing information concerning how to approach revised benefit calculations, CETVs, Interfunds and Trivial Commutations. **On 10 March 2019** the LGPC Secretariat, in conjunction with the national Communications Working Group, produced a leaflet to assist administering authorities when communicating the material changes to the Scheme to members. APF

	communicated to members in their Spring 2019 Newsletters ahead of the 9 April deadline. **Previous Update:-** These regulations were laid before parliament on 18 Dec 2018 and can be found here. They came into force on 10 Jan 2019 with a few exceptions (regulation 4, which has effect from 17 Apr 2018, and regulation 5, which has effect from 5 Dec 2005 for surviving civil partners and 13 Mar 2014 for surviving spouse of a same sex marriage). Main changes:- Regulation 4 - Amends the unintentional consequence of the amendment regulations in May 2018 regarding deferred members before 1 April 1998 voluntarily drawing their pension from age 55. We were expecting regulation 4 to take effect from 14 May 2018, as this is the date the original policy change took effect by virtue of the LGPS (Amendment) Regulations 2018, however it instead takes effect from 17 Apr 2018. MHCLG have confirmed that whilst they appreciate it would have been more appropriate for regulation 4 to take effect from 14 May 2018 they are of the opinion that the alternative date will not cause any significant issues. Regulation 5 - Amend the regulations in respect of benefits payable to same-sex marriage spouses or civil partners as a result of the Supreme Court judgment in the case of Walker v Innospec. Instead of being entitled to the same benefits as widowers it legislates that they should be entitled to the same as widows. Regulation 2 - Allows the Secretary of State the power to issue statutory guidance to administering authorities on the administration and management of the Scheme. Before preparing new guidance or revising existing guidance, MHCLG must consult with persons they consider to be appropriate.
➢ **Action**	**Actions for Administering Authorities:-** • Note and make any necessary changes to procedures / documentation to reflect that from 17 April 2018 deferred members who left the Scheme before 1 April 1998 must now make a written election for early payment to the administering authority, instead of their former employer, and no longer have to have left all local government employment in order to receive early payment of their benefits • Re-visit calculations of pensions paid to surviving civil partners and same sex spouses and pay any additional amounts due. Await statutory guidance with regard to any further adjustments that may be due e.g. to CETVs, trivial commutations paid to surviving civil partners and same sex spouses and trivial commutations paid to

	members where the member was in a civil partnership or married to a same sex spouse at the date of payment. MHCLG have confirmed they will issue statutory guidance to assist administering authorities in this exercise. • Make adjustments to the calculation of some widows' and widowers' pensions where the member dies after 9 January 2019.
➢ **Action (Completed)**	**Disclosure Requirements:-** LGPS administering authorities will need to communicate the changes to scheme members, communication of the changes should take place as soon as possible, and in any event, within three months of the date of change (i.e. by 10 April 2019). The national Communications Working Group met on 15 January 2019 and have agreed to provide template wording to be used to communicate the changes. This will be issued by the end of February.
October 2018 Policy Consultation and Draft Regulations	The MHCLG have issued both a policy consultation [LGPS: Technical amendments to benefits] and draft regulations have been issued to a select group These cover the following • Amend the unintentional consequence of the amendment regulations in May 2018 regarding deferred members before 1 April 1998 voluntarily drawing their pension from age 55. This is expected to be backdated to the previous amendment date. • To amend the regulations in respect of benefits payable to same-sex married or civil partners as a result of the Supreme Court judgment in the case of Walker v Innospec Instead of being entitled to the same benefits as widowers it legislates that they should be entitled to the same as widows. • To allow the Secretary of State the power to issue statutory guidance. The proposed changes to the scheme, is to accommodate judgments made and to give some flexibility to respond to future developments. The Department's view had no legal force as the Secretary of State has currently no power to issue statutory guidance A response will be sent from APF by the closing date of 29 November 2018 Comments on the draft regulations are required earlier by 16 November 2018

MHCLG/GAD; Review of LGPS Factor Tables	**Latest Update:-** Revised club transfer factors, effective from 1 April 2019, have now been issued along with a new requirement for all club transfer calculations to be further split to show a separate transfer value for pre 6 April 2016 and post 5 April 2016 benefits (the date when contracting out of the State Second Pension ended) . APF are currently in talks with Heywood to ensure that the system will be updated to comply with this requirement as soon as possible. APF have taken the decision not to stockpile transfer out cases or to reject transfer ins calculations from other PSPS which are not split for pre and post April 2016 membership for the time being. On 15 March 2019 MHCLG issued revised factors, effective from 1 April 2019, for all new and ongoing additional pension contracts being paid by monthly deduction. APF has carried out an exercise to recalculate members contributions payable from 1 April 2019 and have instructed payroll departments to commence deduction of the increased contributions and notified affected members accordingly. **Latest Update:-** Factor table amendments required due to the change in the SCAPE discount rate have now all been issued apart from club transfer factors, however admin authorities have been advised not to stockpile these cases. With regards to the ongoing review of factors tables outside of the SCAPE discount rate change, GAD has prepared a document to enable MHCLG to provide LGPS software suppliers and administrators with advance information on the format and formula changes. The document, which can be found here, outlines the layout of affected factors tables and formulas in force immediately prior to the current review and the new layouts that will apply following the review. It does not include any current or revised factor values. Most importantly, none of the changes outlined in the document take effect until they are superseded by the issue of updated factor tables and guidance by the Secretary of State for the Ministry of Housing, Communities and Local Government. It is intended that all of the Scheme's actuarial factors (excluding additional pension) will move to unisex factors, thereafter, the document explains that GAD are proposing table format and/or formula changes to the following:- • AA Charges (Calculation of Scheme Pays Offset) • Application of a Pension Credit • Purchase of Additional Pension • Factors for CETVs • NPAs (where not an exact age) **Previous Update:-**

	MHCLG and GAD are reviewing all tables and due to another change in the scape rate, announced there may be a delay in issuing these. It is understood that GAD intend to make some tables unisex. The expected effective date of the new factors will be the same as the budget and GAD have advise that they may be at least 6 weeks late so stockpiling will be necessary for transfers.
HM TREASURY [HMT]	
Indexation and equalisation of GMP in public service pension schemes	**Latest Update:-** The DWP have published guidance on how the GMP conversion legislation might be used to achieve equalisation, see link here. Whilst this guidance does not apply to public sector pension schemes, MHCLG and HM Treasury may decide on future changes that would affect the LGPS and this guidance provides information on the possible routes that could be taken. HMRC announced that it is forming a working group with industry representatives to consider pension tax issues relating to GMP equalisation. **Previous Update:-** On 4 December, HMT issued an updated direction (dated 3 December 2018) under Section 59A of the Social Security Pensions Act 1975 which replaced the direction issued on 6 April 2016 and is backdated to that same date. The direction continues existing indexation provisions and, as a result of HMT's 2017 consultation on GMP indexation and equalisation, extends the arrangements to some additional groups of pensioners and provides for the payment of increases to survivors whose SPa is after 5 April 2021. **Previous Update:-** APF responded to consultation in Feb 2017 On 22 January 2018, HMT published its response to the consultation. 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"". Government Actuary has issued an addendum to the guidance for Transfer and Divorce calculations

	HMRC to set up working group in 2019
Public Sector Exit Payments Cap	**Latest Update:-** On 10 April 2019 HM Treasury launched a consultation called 'Restricting exit payments in the public sector: consultation on implementation of the regulations', see link here. This is a 12-week consultation closing on 3 July 2019 and APF are currently drafting a response. The LGPC have produced a briefing note which ties together the contents of the consultation documents. The briefing note and the consultation documents can be found here. The key points in the latest consultation are as follows:- • No change from the earlier proposal that the maximum exit payment will be £95,000. • The cap will apply to a wide range of public sector employers, including employees of councils in England and Wales, fire authorities, police forces, academies and maintained schools. • The £95,000 cap will include the value of any early retirement strain payments, and it is envisaged that the ability to take an unreduced early retirement pension will therefore be severely restricted in some cases. • Certain employers in the LGPS e.g. Universities and Colleges appear not to be covered which will means members would be treated differently within the LGPS depending on their employer on exit. • As previously indicated, there will be provisions for the cap to be waived in some circumstances. However, the tone of the consultation makes clear that any waiver is expected to be the exception rather than the norm. There will be some details to be ironed out in relation to the LGPS in England and Wales. We expect the MHCLG will run a separate consultation, and which will cover amongst other things the agreement and implementation of a common costing methodology and factors for strain payments. HMT welcomes responses to the consultation from employers, employees and their representatives, HR, payroll and pension experts, and anyone else who might be impacted by the proposals. Introducing a cap on exit payments will have significant implications for employers as well as for administering authorities. APF have communicated details of the consultation to fund employers to ensure that they also have an opportunity to respond. It is expected that MHCLG will run a separate consultation in relation to the LGPS in England and Wales, which will cover amongst other things the agreement and implementation of a common costing methodology.

	Previous Update:- The Bill was initially expected to have its second reading debate on Friday 25 Jan 2019, however, it now shows that the date for the second reading is to be announced. A link to the latest updates on this bill can be found here. **Previous Update:-** Further clarification on the claw back for re-employment in first year and setting the exit cap at £95k are still awaited Work is going on behind the scenes and subject to Parliamentary time these could be issued by the end of the year The third more broader proposals in the third consultation no immediate development on these has been reported, see link to consultation here. A Private Member's Bill the Public Sector Exit Payments (Limitations) Bill 2017 was introduced in Sept 2017 and its further rescheduled second reading is set for 26 OCT 2018; to date no details have been made available. Link to the Enterprise Act can be found here.
THE PENSION REGULATOR (TPR)	
2018 Governance and Administration Survey	**Latest Update:-** The results of last year's survey will be published in May 2019. **Previous Update:-** TPR issued the survey link to scheme managers and scheme contacts on 5 November and encouraged all administering authorities to complete the survey by the closing date of 30 November. APF completed the survey before the deadline.
Proactive engagement with LGPS funds planned for 2018 and 2019	**Latest Update:-** TPR has published a regulatory intervention report outlining how it worked with the Oxfordshire Pension Fund to improve the fund's governance and administration. The report can be found here. **Previous Update:-** The Pensions Regulator's (TPR) Corporate Plan for 2018-2021 at page 18, link here, includes three new Key

	Performance Indicators (KPIs) directly related to public service pension schemes. Following the publication of these new KPIs TPR has chosen the Local Government Pension Scheme as a cohort for proactive engagement throughout 2018 and 2019. TPR has chosen Local Government schemes because, in their view, the results of the 2017 Governance & Administration Survey show that improvements in governance & administration standards have slowed when compared to other public service pension schemes. Over the coming months, all LGPS scheme managers will receive written communications from TPR (and others involved with LGPS may also hear from TPR). These will cover governance & administration matters including: • the main risk areas scheme managers should already be focusing on • what TPR's expectations are • how those responsible for managing and running schemes can identify and mitigate such risks It is anticipated that up to ten administering authorities will be visited during the period Local authorities have been approached but none to date in the South West Region
ITEMS FROM OTHER SOURCES	
***New Item* New Limits/Increases for 2019/20**	**LGPS additional pension purchase limit for 2019/20 in England and Wales** Regulations 16(6) and 31(2) of the LGPS Regulations 2013 state that the additional pension limit is increased on 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied. The pensions increase due on 1 April 2019 is that from 9 April 2018 (since the 2019 PI date is 8 April 2019) and so the current additional pension limit of £6,822 is increased by 3% to £7,026 from 1 April 2019. **Annual Allowance and Lifetime Allowance limits applicable from 6 April 2019** The Finance Act 2004 (Standard Lifetime Allowance) Regulations 2019 [SI 2019/29] amends the Lifetime Allowance limit to £1,055,000 with effect from 6 April 2019. The Annual Allowance, as defined by the Finance Act 2004 (as amended), remains unchanged at £40,000 for 2019/20. **Annual Revaluation Order** LGPS administering authorities should note that the full year increase to be applied at one second after midnight on 31 March 2019 to the career average pension earned up to 31 March 2019 is 2.4%. **Annual Pensions Increase** LGPS administering authorities and those employers who pay their own annual compensation benefits (relating to an

	historical award of compensatory added years) should note that the increase to be applied from 8 April 2019 to a qualifying pension which began (ie has a pensions increase date) before 9 April 2018 will be 2.4%. **Retail Prices Index (RPI) Increase** The annual increase that applies to any additional pension purchased under an Additional Regular Contribution contract that commenced between 1 April 2008 and 31 March 2012 is based on RPI in the previous September. The increase that applies on 8 April 2019 is 3.3%. **Annual GMP increase** LGPS administering authorities should note that an increase of 2.4% should be applied: • From 6 April 2019 to the post 5 April 1988 GMP element of a pension in payment where the individual reached State Pension age (SPa) before 6 April 2016 (assuming additional pension (AP) is not less than GMP), or • From 6 April 2019 to the post 5 April 1988 GMP element of a pension in payment where the individual reached SPa after 5 April 2016, and • From 8 April 2019 to the pre 6 April 1988 GMP element of a pension in payment where the individual reached SPa on or after 6 April 2016
***New Item* CIPFA – Open Letter**	In May 2019, the CIPFA Pensions Panel issued an open letter to all LGPS Administering Authority CFOs and all those involved in the governance and administration of the Schemes in England, Wales, Scotland and Northern Ireland. The letter is attached as Appendix 5 and relates to a number of recent publications CIPFA have issued as follows:- **Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019 Edition).** The guidance includes a new requirement for Funds to provide a statement on the value for money achieved by the administration function. This intends to increase the focus upon the Administration function and allow those involved in the governance arrangements to monitor performance and manage risks. The new guidance also offers a suggested approach to producing key performance indicators which was developed in conjunction with a working group of leading practitioners. The aim is to achieve a standard set of indicators which will improve the consistency and comparability of reporting and help Funds identify areas of strong and weak practice. The Panel are keen to urge all Funds to consider these tables and where possible produce information on a ‘best endeavours’ basis for 2018/19. CIPFA accepts this may be more difficult for some Funds and would welcome all feedback to help us develop this initiative. **Pensions Administration Benchmarking Service** to mirror the requirements in the Annual Report Guidance. We hope this will make the benchmarking service more relevant and increase participation which will lead to more useful information for all Funds and LGPS stakeholders. The pension panel hope that this tool will be used by more Funds to help us build a better picture of the current state of administration in the LGPS.

	A Guide to Administration in the LGPS which is a short document designed to provide an insight into the function for Pension Committee Members, Local Pension Board Members and those new to the LGPS. The Guide was developed with colleagues at AON and we hope it will be circulated widely to support the discussions around administrative challenges.
***New Item* ShareAction/UNISON Responsible Investment in the LGPS Review**	All LGPS funds are required to publish an Investment Strategy Statement. This statement explains the Fund's investment strategy, how it manages all relevant investment risks and how it carries out its stewardship responsibilities. Unison commissioned a report to review and analyse the statements and in April 2019 ShareAction/UNISON published this analysis, see link here. The report highlights the proactive strategy the Avon Pension Fund has for responsible investing, placing us second highest in the overall rankings of LGPS funds showing that we are progressing across all areas.
Exit Credits	**Latest Update:-** The MHCLG consultation on LGPS Local Valuation Cycle and the Management of Employer Risk includes proposals for further policy changes to exit credits. **Previous Update:-** Following the introduction of exit credits with the LGPS (Amendment Regulations) on 14 May 2018, a survey was issued before Christmas by the LGA asking authorities for details of any expected exit credits they will be paying and any paid to date. The expected and paid credits reported are currently £86m. The Secretariat is aware that the payment of exit credits is causing some issues, particularly where there is a side contractual agreement in place with the employer and also where contractors are no longer extending contracts/admission agreements but are looking to terminate the contract and re-bid in order to receive payment of an exit credit. They have now met with MHCLG on this issue – they have agreed that whilst the general thrust of the regulation requiring an exit credit is right, they will consider making a regulatory change or issuing statutory guidance to provide that where the employer bears no risk, this can be taken account in the calculation of an exit credit payment.
Discretionary Policies ➢ **Action**	**Latest Update:-** APF are currently in the process of reviewing their discretionary policies and will present a paper to Committee at it's September meeting for approval. APF are in the process of purchasing a tool from JLT to assist employers when developing their discretionary policies and will carry out an exercise, when the tool is available, to support employers in reviewing and updating their discretions to incorporate the amendments below. **Previous Update:-**

	The Secretariat has published revised versions of the Discretionary policy list and guide (versions 1.7 and 1.9 respectively). Clean and tracked changes versions, can be found in the guides and sample document pages of www.lgpsregs.org. **Action for administering authorities and scheme employers** The documents have very minor changes though will require an amendment to both scheme employers' and administering authorities' mandatory discretionary policies: • whether to grant the application for early payment of deferred benefits (in respect of a member who left active membership before 1 April 1998) on compassionate grounds - application may now be granted by the administering authority where the former employer no longer exists. • where a member who opted out of the scheme continues to be employed by a Scheme employer, the member is only entitled to receive their benefits at NRD if their employer consents to them doing so (in respect of a member who opted out of the scheme after 31 March 1998 and before 1 April 2008).
LGPS Technical Group Update	**Items of interest from meeting held 8 March 2019:-** **PENTAG Presentation** Representatives from PENTAG delivered a presentation demonstrating their on-line LGPS guide. This on-line guide covers, in detail, all aspects of the LGPS (past and present) in England and Wales plus overriding legislation, case law, etc. The intention is that it will be a one-stop shop for anyone involved in the administration of the LGPS in England and Wales. The intention of the presentation was to gauge whether there would be enough support for the LGPC to subscribe to the product on behalf of all administering authorities (meaning that the price per authority would be considerably less than if authorities wished to subscribe to the product individually). Subscription would be in addition to existing LGPC fees (method of distribution to be determined). Following the presentation the LGA confirmed that in order to take this product forward at a national level, the LGA would need a majority (this wasn't defined) to agree to the purchasing of the product on behalf of administering authorities in LGPS England & Wales. The aim would be for the group to make a recommendation at the meeting of the National Technical group on 20 September 2019. **The requirement under the LGPS 2013 Regulations to pay a refund within 5 years of the date of leaving** **Latest Update:-** **On 12 March 2019** the National Technical Group made a recommendation to SAB to change the regulations to reflect the position prior to 1 April 2014 (i.e. to remove the prescription that requires an administering authority to pay a refund on the

	expiry of a period of five years beginning with the date the person's active membership ceased if no request is made before then – regulation 18(5) of the LGPS Regulations 2013 [SI 2013/2356]). In making this recommendation the group acknowledged that interest would be added up to the date of payment, as opposed to on the expiry of 5 years. **Previous Update from Meeting – Dec 2018** Under the 2014 scheme a refund must be paid on the expiry of 5 years from the date of leaving or, if earlier, at age 75. If payment cannot be made before within this timeframe then this is classified as a breach and as such would need to be reported to pensions committee, Local Pension Board and included on the breaches register. Additionally, the payment could not be treated as a Short Service Refund Lump Sum payment under section 166 and paragraph 5 of the Finance Act 2004 if the member: a) Had previously had a BCE in the Scheme, and/or, b) Holds deferred benefits in the Scheme, and/or, c) Has reached age 75 If any of the above circumstances have occurred, the payment would be an unauthorised payment, as such would need to be reported on the event report and the payment would be subject to both member tax charges and admin authority tax charges. Under all previous regulations there is no time limit by when the refund must be paid and the Technical Group are considering whether the current regulations can be amended to match. In the meantime, Technical Group have made a group policy recommendation on how to approach such cases and this is set out in the minutes available here.
Money and Pensions Service (MAPS) (Formerly the Single Financial Guidance Body (SFGB))	**Latest Update:-** The Single Financial Guidance Body (SFGB) has changed its name to the Money and Pensions Service (MAPS). The Financial Guidance and Claims Act (Naming and Consequential Amendments) Regulations 2019 [SI 2019/383] replaces various references to the Pensions Advisory Service in the LGPS regulations with references to the ‘Money and Pensions Service’ (formerly the Single Financial Guidance Body). The SI comes into effect on 6 April 2019 (although the company (ie the Money and Pensions Service) was established on 1 April 2019). The Money and Pension Service have published their Business Plan setting out their business priorities and plans for the

	future, see link here. It confirms that for the initial 'transition' year, customers will still be able to access services through Pension Wise, The Pensions Advisory Service (TPAS) and Money Advice Service (MAS). 'The new joined-up Money and Pension Service offer can go live to customers in 2020/21'. **Previous Update:-** The Government's Single Financial Guidance Body (SFGB), after becoming a legal entity in October 2018, has now officially adopted its delivery functions. The SFGB consolidates the services offered by the Money Advice Service, TPAS and Pension Wise. On its official website, the SFGB sets out five core functions, including advice and consumer protection. The SFGB is funded by levies on both the financial services industry and pension schemes. The new body is sponsored by the Department for Work and Pensions, but will also engage with HM Treasury, which is responsible for policy on financial capability and debt advice. The body will also change its name in 2019 as it develops a new outreach strategy, which will include a new integrated service offer and enhanced partnership working with the wider industry, employers and key stakeholders.
DWP: Pension's Dashboard	**Latest Update:-** The LGPCs response to this consultation can be found here. On **4 April 2019** the government published its response to the consultation, which can be found here. Key details of the government's plans include: • Legislation to compel pension providers to make consumers' data available on the dashboard • Staged onboarding of schemes with the majority of schemes participating within 3 to 4 years • The inclusion of state pension data • A commitment to multiple dashboards, with a non-commercial dashboard being overseen by the Money and Pensions Service (MAPS). The DWP advises the pensions industry to get ready, in the next three to four years, to submit data. The hope is that the dashboards project will move into a test phase beginning in 2019. Meanwhile, the DWP will need to find a legislative vehicle by which to compel recalcitrant pension schemes to feed data into the dashboards system. Compulsion will require primary legislation. Pensions Minister Guy Opperman has indicated his Department's intention to include a Pensions Bill in the next Queen's Speech. **Previous Update:-**

	The results of the feasibility study to explore the options for the delivery of online pensions dashboards were released in the form of a government consultation on 3 December 2018. The consultation was seeking views on how the government can best facilitate an industry-led delivery of pensions dashboards. The consultation closed on 28 January 2019. The consultation proposals included: • a non-commercial dashboard be hosted by the Single Financial Guidance Body (SFGB) together with multiple commercial dashboards hosted by different organisations, in order to improve consumer choice and enable them to use the dashboard that most suits their needs. • the establishment of a delivery group convened and stewarded by the SFGB, which would work towards the successful implementation of the technology that will allow pensions dashboards to operate. • a single 'Pension Finder Service' (PFS) will act as a search engine to find pension schemes linked to an individual. • state pension data will ultimately be part of the service. • with the consent of the individual, pension schemes will be required in legislation to provide an individual's data via pensions dashboards. • public service pension schemes be given longer lead-in times to prepare their data prior to on boarding. It is expected that the pensions industry will start to supply data to a dashboard, on a voluntary basis, from 2019. The majority of schemes will be on-boarded within 3 to 4 years from the first dashboards being available to the public. **Previous Update:-** **Pensions dashboard – results of feasibility study delayed** In bulletin 167, it was reported that DWP were conducting a feasibility study to explore the options for delivering the dashboard and that this was due to be published at the end of March 2018. The findings of this feasibility study have still to be published. Given it is now less than a year until the dashboard was originally due to launch (in April 2019), this would appear to make these timescales increasingly difficult to achieve. There have been some mixed opinions raised as to whether this is still achievable but the Department has recently confirm that it remains a key objective

Key:- Any text highlighted in Grey was previously reported with latest updates indicated where applicable.
Newly reported items are labelled *New Item*
Where action is required, this is indicated in first column where appropriate