

Pensions Update

Quarter 4 - 2019/20



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Year End

2019/2020



We are fast approaching that time of year when we ask employers to start thinking about Year End and familiarising themselves with the process.

Please ensure that all users of the Your Fund site who are involved in the Year End process have a valid login. If you have any login queries, contact us at: londondata@localpensionspartnership.org.uk. If you have any additional users who require access to the site, contact your site admin user in the first instance.

During February you will receive an email from us which will give you a chance to preview the required Year End template. Please use this opportunity to familiarise yourself with the required data fields. We will upload the final Year End template for all employers by the end of March.

It is important that you **DO NOT** use the version that is emailed to you as it doesn't contain all the relevant details and will create an error. Likewise, **DO NOT** use last years' template as this is out of date and will cause additional queries/errors for you.

Things to remember:

- Check you have a working Your Fund log in?
- If you have changed contact details since last year and haven't informed us, contact us separately at: londondata@localpensionspartnership.org.uk so we can update your records ready for Year End.
- Have you changed payroll providers? If so, please ensure we are aware of this and that the figures you supply are for the full year.
- Payroll numbers - have these changed since last year? If so, please make sure that we are supplied with the most recent payroll numbers. Failing to do so will cause a large increase in queries and a delay in loading your data.
- **DO NOT** use the 'Preview Template' or a previous year's template for the Final Year End submission only use the version which you have downloaded from www.yourfund.org.uk

If you have any queries regarding your Year End submission contact us at londondata@localpensionspartnership.org.uk and we will be happy to help.

Data Team
Your Pension Service
Local Pensions Partnership

Provision of Data

Employers' responsibilities

Each employer has a legal responsibility to provide accurate data to us. You must take all reasonable steps to ensure that any data provided to us is correct before submission.

Local Pensions Partnership (LPP) will only check the data provided to us for reasonableness against the data we already hold, and if necessary will query inconsistencies with you. However, LPP will not undertake a detailed check of individual calculations or all entries on bulk data files. The responsibility for accurate and complete data submissions lies with you as the employing authority, you should therefore ensure that you have relevant controls in place to guarantee the correct provision of data.

If you provide incorrect data, we may quote or pay incorrect benefits, the consequences of which could lead to complaints, appeals, recalculations and reputational damage etc.

If you become aware that you have submitted incorrect data, you must let us know immediately. We would also expect you to investigate the cause of the error, take appropriate action to avoid recurrence, and provide an update to us.

If it appears to us that any employer is failing to take reasonable care in supplying data to us, 'The Fund' reserves the right to recover from the employer any resulting additional costs incurred.

Where an employer provides incorrect data, the Fund may be required to report the breach to the Pensions Regulator where the breach is assessed to be of material significance to the Regulator. When assessing materiality, consideration will be given to the –

1. cause of the breach
2. effect of the breach
3. reaction to the breach, and
4. wider implications of the breach.

For outsourced services such as payroll, the responsibility is on the employer and not the outsourced provider, therefore it may be prudent to review the SLA arrangements currently in place.

The Pensions Regulator recently published a report on the findings of their annual governance and administration survey. The survey engaged 10 local government funds from across the UK with the aim of understanding scheme managers approaches to a number of key risks. You can [view the report here](#).

Valuation 2019

The Funding Strategy consultation, which sets out the approach for the triennial valuation concluded on 30 November 2019 with two responses which are currently being considered. All valuation results from the actuary have been received and individual employer results issued by 6 January 2020.

There will then be a period of engagement with employers to finalise results up to 28 February 2020. The fund actuary will then issue the legal rates and contribution certificates outlining the rates payable from 1 April 2020 to 31 March 2023.

Tony Williams
Head of Pensions Risk Policy & Strategy
Local Pensions Partnership

My Pension Online

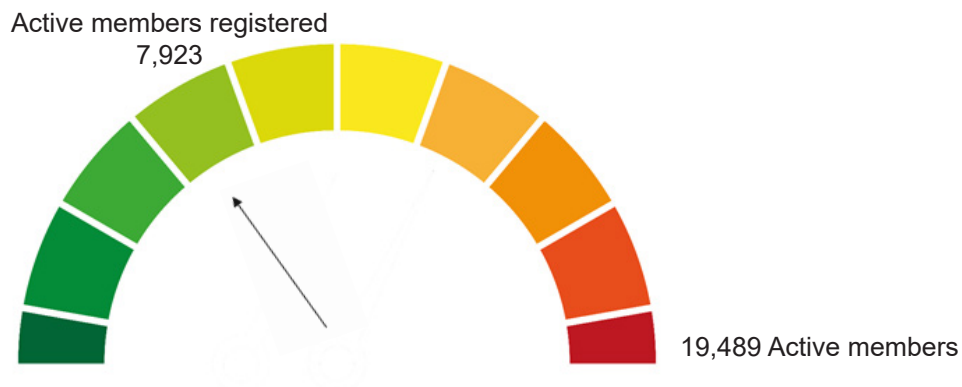


Take charge of your pension

Last quarter we said we would report back to you how we did in getting members to sign up to My Pension Online (MPO) at the LPFA Fund Member Forum. Our aim was to sign up 10% of member attendees we are glad to report we signed up just over 10%.

Total registered users is now 22,992, in the month following the forum a further 387 registered, of which 224 were active scheme members. Information on how to register is on the home page of the website, please encourage employees to visit the website for more information: www.yourpension.org.uk/LPFA/Home.aspx.

We plan to send you some promotional materials in the near future to share with your employees. **Look out for the email!**



Engagement Team
Your Pension Service
Local Pensions Partnership

Employer Discretions

Each scheme employer must formulate and keep under review their policy concerning the exercise of their functions in awarding additional pension to members, and in operating early and flexible retirement provisions including those related to redundancy and compensatory payments. In addition to these mandatory policy decisions there are many other areas where discretionary policy decisions can be made by employers.

Many employers would have reviewed and revised these discretions in 2014 when the new scheme was introduced, if you have not revisited these since that time you may consider it appropriate to check the policies you hold are still relevant. If as an employer you do not hold a discretions policy, the default position taken by the Actuaries at the Valuation would assume the more expensive option and therefore getting a set of policies in place may in time reduce your employer contribution rate.

The LGA have produced a full list of discretions together with more detailed guidance highlighting the issues employers should consider in determining policy statements.

[LGA list of discretions](#)

The LGPS Websites

Employers are encouraged to make use of the LGPS websites which are updated regularly with the latest regulations and any amendments to existing ones. The Local Government Association has also recently commissioned a number of pension explainer videos which are now available on the LGPS member website. You can visit both at the following links:

[LGPS member website](#)

[LGPS employer website](#)

Please let employees know about the videos which explain everything there is to know about pensions in the simplest way.



Technical Updates

Age Discrimination (McCloud/Sargeant)

You may be aware that following the introduction of the Career Average Revalued Earnings (CARE) pension schemes to all public sector schemes in 2014 and 2015, a protected status was granted to any member who was within ten years of retirement at 31 March 2012. This was challenged in the courts by Fire, Police and Judiciary scheme members. The Government has accepted that they have lost the court case and will therefore apply a remedy to all the public sector schemes.

At this stage we do not know what the remedy will entail for the LGPS, however we have been advised by the Local Government Association to continue collecting change of hours details for all members to ensure we are able to compare benefits between the final salary and CARE schemes.

Opposite Sex Civil Partnerships

The Government has extended the Civil Partnership Act 2004 to allow opposite sex civil partnerships. Opposite sex partnerships will receive benefits in keeping with a married partnership but not necessarily the same as a same sex Civil Partner. Our systems and documents will be amended to include this as a new category to ensure that data is recorded correctly and benefits are calculated at the correct level.

Fair Deal

Fair Deal (extending the options for members TUPE transferred and subsequently moved to a new service provider, to be able to remain in the LGPS) - Consultation closed on 4 April 2019, whilst this is still expected to be introduced eventually, we do not believe this is likely before April 2020

Exit Cap

This caps any exit payment including pension strain costs to £95k - The consultation closed on 3 July 2019, while there are discussions on the practical implications, no new regulations are expected before April 2020.

Cost Cap

Improvements to be made to the scheme based on the cost of the national scheme proving cheaper than initially envisaged. This has been placed on hold pending the remedy of the McCloud/Sargeant age discrimination case.

Four Year Valuation Cycle

Move to 4-year valuation cycle (initially planned to move the LGPS to match the timetable applied by the unfunded public sector schemes). The Government plans to review this once the results of the 2020 public sector scheme costs have been received.

Pension Schemes Bill 2019-20

The Government has introduced a pension schemes bill 2019/20 which received its first reading in the Lords on 15 October 2019.

The 'Bill' will –

1. Strengthen the Pension Regulator's powers
2. Provide the legislative framework to support pensions dashboards (including new powers to compel schemes to provide accurate information to members via the dashboards)
3. Amend the conditions to be able to transfer out

In respect of (3), the purpose of the change is to provide further protections against pension scams. Currently, if a member wants to transfer to an occupational scheme, one of the conditions is that the member has earnings, which can come from any employment. This means that the member does not need to be in employment with the employer that is connected to the receiving occupational scheme (though note, this would be a huge pension scam red flag). This loophole is ruthlessly exploited by scammers who set up bogus occupational schemes.

It is expected that the changes will require the member to be employed with the employer connected to the receiving scheme and to provide evidence of this (e.g. providing payslips). Once the change has been made, we will need to amend the transfer out process, including the discharge forms.

In addition, the Bill will provide the legislative framework for the introduction of collective money purchase schemes (CMPS). Though not directly relevant to us, we will need to be aware of whether the receiving scheme is one such scheme for transfers out. This is because each CMPS will need to be authorised as such with the Pensions Regulator (TPR), who will maintain a list of the current authorised schemes. As part of our transfer out due diligence, we may wish to check the receiving scheme is on TPR's list.

As the Bill did not become law before the parliamentary session ended, the Bill fell. We would expect the Bill to be reintroduced in the next session of parliament as it has cross-party support.

Further updates...

The Government included in their manifesto a statement to address the tapered Annual Allowance issue within the NHS and a view to re-examine the prospect of a flat rate tax relief to replace tax relief at source, any such changes would be expected to occur in the spring budget.

Neil Lewins
Your Pension Service
Local Pensions Partnership

Contacting Us

Administration Queries

Write to:

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0300 323 0260



askpensions@localpensionspartnership.org.uk

General Enquiries



engagement@localpensionspartnership.org.uk

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