

Cost Management, Benefit Design and Administration Committee (CMBDA)

Hybrid meeting – 1 July 2024

Actions and agreements

Present

George Georgiou	Employee representative (GMB), Chair
Sean Collins	Practitioner – Oxfordshire Pension Fund
Simon Taylor	Practitioner – West Midlands Pension Fund
Emma Mayall	Practitioner – Greater Manchester Pension Fund
Kevin Gerard	Practitioner – Carmarthenshire Pension Fund
Glyn Jenkins	Employee representative (UNISON)
John Neal	Employee representative (Unite)
Charity Main	Academies representative (Anglian Learning)
Becky Durran	Actuaries – Aon
Catherine McFadyen	Actuaries – Hymans Robertson
Melanie Durrant	Actuaries – Barnett Waddingham
Michelle Doman	Actuaries – Mercer
Martin Smith	Government Actuary's Department (GAD)
Lorraine Bennett	Local Government Association (LGA) – Senior Pensions Adviser
Jeremy Hughes	LGA – Senior Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer
Sarah Tingey	LGA – Research and Data Analyst

Items 1 and 2 – Welcome, introductions and declarations of interest

1. The chair welcomed all in attendance to the meeting. Melanie Durrant deputised for Graeme Muir (Barnett Waddingham) and Becky Durran deputised for Jonathan Teasdale (Aon). There were apologies from Joanne Donnelly (LGA) and DLUHC officials did not attend the meeting due to the upcoming general election.
2. There were no conflicts of interest declared.

Item 3 – Actions and agreements from 19 February 2024 meeting

3. The minutes of the meeting on 19 February 2024 were agreed as a fair and true record of the meeting.

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Cost Management, Benefit Design and Administration Committee (CMBDA)

Item 4 – Update on McCloud and Pensions Dashboards

4. Lorraine Bennett (LB) gave a verbal update to the Committee confirming that the Department for Levelling Up, Housing and Communities (DLUHC) has issued statutory McCloud implementation guidance with the aim of achieving consistent application of the remedy across the LGPS.
5. **POST MEETING NOTE: Following on from the general election it has been confirmed that that DLUHC has been renamed as the Ministry for Housing, Communities and Local Government (MHCLG). The rest of this document will refer to DLUHC to reflect their name at the time of the meeting.**
6. The statutory guidance covers compensation, administration issues, eligibility and prioritisation of caseloads amongst other complex areas. The LGA will be publishing the next instalment of its McCloud administrator guidance and running webinars for administration staff in the coming months.
7. DLUHC were conducting a limited consultation on regulation changes to remove the requirement to reflect a member's underpin protection in the 2024 annual benefit statements (ABS). The consultation also proposes introducing a discretion not to reflect underpin protection in the 2025 statements for certain members. The Board and the LGPC were in the process of providing responses to the consultation.
8. John Neal (JN) asked whether annual benefit statements would contain general wording so that members would know if their ABS included McCloud remedy or not. LB confirmed that they would.
9. Since the last meeting, HMRC has confirmed that it has changed its position on the tax treatment of special interest paid as a result of McCloud remedy. This will not be treated as unauthorised under the Finance Act 2004.
10. On Pensions Dashboards, LB confirmed that the date for public sector pension schemes to connect to the dashboards ecosystem is 31st October 2025 at the latest. The LGPC team is planning to publish two guides to support administering authorities, one on connecting to the dashboard generally, and one specifically on AVCs. Additionally, the Pensions Regulator will now start to issue

Cost Management, Benefit Design and Administration Committee (CMBDA)

nudge communications to public sector pension schemes reminding them of the upcoming deadline.

11. LB informed the Committee that the National LGPS Frameworks recently launched a framework to assist authorities in procuring an integrated service provider (ISP) that will allow them to connect to the dashboard.
12. The Committee noted the key points from the update.

Item 5 – Update from Gender Pensions Gap (GPG) working group

13. Becky Clough (BC) introduced Paper B to the Committee and asked the Committee to note that significant progress had been made against the action plan agreed by the Board at its last meeting on 11 March 2024.
14. Going forward, the Secretariat and the GPG working group would be continuing the work contained in the action log at Annex A of Paper B. Glyn Jenkins (GJ) asked whether there were plans to look at previous valuation data to see the effect that moving to a CARE scheme had on the gap over time. JH explained that the current analysis showed that the GPG was much lower when looking at CARE benefits rather than final salary. Looking at historic data in detail would come at a cost to the Board and it was not expected that this would add much to what we knew from the current analysis.

ACTION – that the Secretariat write to GAD after the general election to request a review of the factors in place for buying back ‘lost pension’ through the use of Shared Cost Additional Pension Contributions (SCAPCs).

Item 6 – Opt out survey and forms

15. Sarah Tingey (ST) introduced Paper C to the Committee. The opt out survey was issued to Local Authority employers via the Local Government Association’s employer contacts list. It included questions on whether opt out forms should ask members to share the reason for opting out and questions around effort to promote the LGPS. Out of the 325 employers that were issued the survey, 53 responded (a response rate of 16.3%).

Cost Management, Benefit Design and Administration Committee (CMBDA)

16. Only 5% of respondents had noted an increase in employees opting out of the scheme. A further 5% indicated an interest in working with the Board to explore the issue of opt outs further.
17. Charity Main (CM) said that she would explore repeating this survey within the academies sector, as she had received some anecdotal information that the sector was experiencing some pressure in this area. It was agreed that ST and CM would liaise to arrange this.
18. Kevin Gerard (KG) asked where the reasons for opting out were to be recorded if collected as it would need to be a reportable field, for instance in the pension administration system. JH explained that there were record keeping issues and data protection barriers with any future collection of this data which would need to be addressed. Glyn Jenkins (GJ) expressed concern about the effect of opting out on scheme members in later life and asked whether there was any data to explore this issue. JH said that this information was not currently available, and the ultimate aim of this work was to start to collect and report it.
19. The Committee noted the results from the survey and agreed the next steps as laid out in Paper C.

ACTION – that CM explores with ST the possibility of repeating the opt out survey in the academies sector.

ACTION – that the Board continues the wider work programme on opt outs contained in Paper C.

Item 7 – Normal Minimum Pension Age (NMPA)

20. Jeremy Hughes (JH) introduced Paper D to the Committee. There had been no update from government to explain how the incoming rise in NMPA will affect public sector pension schemes. The Committee discussed whether the Board should take a view on how the change will impact the LGPS. GJ stated that the last time the NMPA was discussed, the LGPS in England and Wales did not have transitional protection proposals but Scotland and other public sector schemes did, raising a question around consistency. JN continued saying that it from a member representative's perspective, it would be ideal to see transitional protections applied to the LGPS England and Wales. He added that as life expectancy was not increasing as originally projected, the current NMPA should remain at 55. The Chair explained that GMB's position on this matter was similar to the other unions.

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Cost Management, Benefit Design and Administration Committee (CMBDA)

21. The contents of the paper were noted, and it was agreed to discuss the issue again at the next meeting on 28 October 2024.

ACTION – That the Secretariat add National Minimum Pension Age as an agenda item at the next committee meeting in October 2024

Item 8 – Update on recent engagement activity

22. Jeremy Hughes introduced Paper E to the Committee. Following a letter sent by Minister Simon Hoare MP in May 2024 to most funds in England, the Board had held engagement events with Pension Committee Chairs and fund officers to discuss the issues raised in the letter. Both meetings led to productive discussion which the Board Chair, Councillor Roger Phillips is keen to continue with more regular engagement meetings. Around 60 -70 officers attended the officer session led by Jo Donnelly, LGA Head of Pensions and 20-25 Pension Committee Chairs attended the session led by Councillor Roger Phillips.

POST MEETING NOTE – the Local Government Minister after the general election on 4 July 2024 is now Jim McMahon MP.

Item 9 – Administration data collection discussion

23. At the last Committee meeting it was agreed to discuss any feedback the Secretariat has received on the revised Annual Report Guidance issued in March 2024. To date, a small number of funds have contacted the Secretariat to discuss the administration key performance indicators (KPIs). The queries were around the definition and application of the KPIs and it is not currently expected that the guidance would need to be extensively updated when reviewed later in the year. The feedback suggested that the guidance could be improved by inserting additional notes on certain KPIs to assist funds when reporting. The Secretariat noted this feedback but was mindful that the guidance cannot be prescriptive on how specific casework is processed.
24. As funds produce their annual reports ahead of the 1 December deadline, it was expected that the Secretariat may receive some additional feedback and would meet with funds as and when needed to discuss any specific questions.
25. Simon Taylor (ST) thanked the Secretariat for creating the opportunity for feedback on the new KPIs to be passed on. He explained that a priority for funds at this time is striking a balance between achieving

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the KPIs set out as part of the reporting guidance and those which local pensions committees and boards are expecting fund officers to focus on. This was noted by the Secretariat.

Item 10 – Post-election planning

26. JH introduced the item to the Committee and said that the Board would send a welcome letter to the new Local Government minister after the general election. The Committee was asked for comments on the areas which should be mentioned in that letter. The Committee suggested New Fair Deal, Good Governance, outstanding regulation issues (death grants, forfeiture), asset management costs, next steps on pooling and more information on suggestions of funds consolidating.
27. The areas raised by the Committee were noted by the Secretariat for consideration.

Item 11 – AOB and date of next meeting

28. The Board's Cost Management Process report had been finalised by GAD and had been circulated to the Committee as a confidential annex. There were no substantial changes from the draft report it had already seen and the Committee agreed that the final report be submitted to the Board for approval before publication.
29. GJ raised the matter of administration delays at some funds which was leading to inconvenience for scheme members who are not receiving their payments on time. GJ said that these issues needed to be resolved as soon as possible. He also said that the provision in the LGPS Regulations 2013 that interest was only payable on payments made more than one year late should be reviewed.
30. JH explained that where there were problems at specific funds then there were local accountability mechanisms, through local pension committees and boards, to deal with these. If they could not be resolved locally then matters could be escalated to the Pensions Regulator or the Pensions Ombudsman (depending on the case). Scheme members should engage with the fund first, as this is the usual way issues are resolved quicker.
31. The scheme was generally understood to be well administered and the new Annual Report guidance included additional KPIs so there are now more mechanisms in place to help raise scheme awareness of the issues raised by GJ.

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32. Before closing, the Chair thanked Sean Collins (SC) for his contributions to the Committee as he would be retiring in July 2024.

33. The date of the next meeting was confirmed as 28 October 2024.

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