



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: 6 October 2022

**Committee:
Pensions Board**

Date: Friday, 14 October 2022

Time: 10.00 am

**Venue: Wilfred Owen Room, Shirehall, Abbey Foregate, Shrewsbury,
Shropshire, SY2 6ND**

You are requested to attend the above meeting. The Agenda is attached

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click [here](#) to view the livestream of the meeting on the date and time stated on the agenda

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel [Here](#)

Tim Collard
Assistant Director - Legal and Governance

Members of Pensions Board

Member Representatives

John Hall
Mike Morris
Dave Wright

Employer Representatives

Liz Furey
Clare Charlesworth-Jones
Helen Woodvine

Your Committee Officer is:

Michelle Dulson Committee Officer

Tel: 01743 257719 Email: michelle.dulson@shropshire.gov.uk

AGENDA

1 Election of Chairman

2 Apologies

To receive apologies for absence.

3 Declarations of Conflicts of Interest

Members are reminded that they should declare any interests which may lead to conflicts of interest in the subject area or any specific agenda item of this meeting. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

4 Minutes of the previous meeting (Pages 1 - 12)

The Minutes of the meetings held on 29 April 2022 and 8 July 2022 are attached for confirmation.
Contact: Michelle Dulson (01743) 257719

5 Public Question Time

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5pm on Monday 10 October 2022.

6 Administration and Regulatory Updates (Pages 13 - 22)

Report attached.
Contact: Debbie Sharp (01743) 252192

7 Pensions Committee Reports and Feedback

For Board Members to raise any questions following the recent Pensions Committee meeting.

Please click on the link below to access the reports considered by the Pensions Committee at its last meeting on 16 September 2022:

[Agenda for Pensions Committee on Friday, 16th September, 2022, 10.00 am — Shropshire Council](#)

8 Date of Next Meeting

The next meeting of the Pensions Board will be held at 10.00am on the 27 January 2023.

9 Exclusion of Press and Public

To RESOLVE that in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations and Paragraphs 3 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

10 Exempt Minutes (Exempted by Category 3) (Pages 23 - 30)

The Exempt Minutes of the meetings held on the 29 April 2022 and 8 July 2022 are attached for confirmation.
Contact Michelle Dulson (01743) 257719

11 Pensions Committee Exempt Reports and Feedback (Exempted by Category 3)

For Board Members to raise any questions following the recent Pensions Committee meeting.

Please click on the link below to access the reports considered by the Pensions Committee at its last meeting on 16 September 2022.

[Agenda for Pensions Committee on Friday, 16th September, 2022, 10.00 am — Shropshire Council](#)

12 Governance Update (Exempted by Category 3) (Pages 31 - 94)

Report attached.
Contact: Rebecca Clough (01743) 254457



Committee and Date

Pensions Board

8 July 2022

PENSIONS BOARD

Minutes of the meeting held on 29 April 2022

In the Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

10.00am – 11.55am

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Member Representatives

John Hall (Chairman)

Mike Morris

Dave Wright

Employer Representatives

Liz Furey (virtual)

Clare Charlesworth-Jones

Helen Woodvine

46 **Apologies**

No apologies were received.

47 **Declarations of Conflicts of Interest**

No conflicts of interest were declared.

48 **Minutes of the previous meeting**

RESOLVED:

That the Minutes of the meeting held on 28 January 2022 be approved and signed by the Chairman as a correct record.

49 **Public Question Time**

No public questions had been received.

50 **Administration and Regulatory Updates**

The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes, which provided Members with the

latest administration and regulatory updates affecting the Local Government Pensions Scheme.

The Pensions Administration Manager drew attention to the letter from the Department of Levelling Up, Housing and Communities (attached at Appendix A of the report) which set out their recommendations on how administering authorities should take the McCloud remedy into account in the 2022 triennial valuation whereby the Fund's calculation for Member benefits would automatically include the assumptions referred to in the letter and would apply in the calculation of employer contribution rates by the Fund's actuary.

She also drew attention to further amendments to the Public Service Pensions and Judicial Officers Bill (set out in paragraph 7.3 of the Report) which gave relevant government departments the powers to address the discrimination identified in the McCloud judgment.

In response to a query about the worse-case scenario in relation to the assumptions that the administering authorities were being told to make, the Pensions Administration Manager informed the Board how the changes would affect benefits and the underpin and she explained how the aggregate was affected. When asked to quantify the impact on the scheme and its members, the Pensions Administration Manager explained that although it would affect very few people they needed to recalculate the benefits of everyone that had left the scheme since 2014.

In response to a query, the Pensions Administration Manager confirmed that very little had changed for the vast majority of employers. If the employee had gone away and died, the amount owed would go to their beneficiaries as long as they could be traced, otherwise it would go to the treasury.

Turning to the Pensions Dashboard, the Pensions Administration Manager explained that it was currently unclear how much work was involved but it would be significant and there was concern around the ability of the fund to meet the timescales due to other pressures such as recalculating benefits since 2014.

In relation to the Single Code of Practice, the Pensions Administration Manager explained that the Pensions Regulator was expected to lay the code before Parliament later in the year and was expected to come into force in October 2022. The fund has been working on some of the areas that the Code will have increased emphasis on including scams, cyber controls, training and documentation.

RESOLVED:

That the contents of the report be noted.

51 **TPR's Single Code of Practice**

See update above.

52 **LGPS Central Chairs' meeting**

The Chairman updated the Board in relation to the LGPS Central Chair's meeting that took place on 28 March 2022. Issues discussed included:

- The Levelling Up White Paper which refers to a figure of 5% to be invested in 'local schemes'. It was confirmed that there was nothing for LGPS Central to do at present.
- Exposure to Russian investment was not an issue.
- Cost management issues – Officers were not aware of any issues.
- New members of staff employed to work on good governance.
- Meeting with Ministers in relation to the Scheme Advisory Board
- Performance of Prudential – It was confirmed that this had been an issue the previous year and that discussions had been held in terms of improving their performance.
- Pooling – the further consolidation of schemes.
- Communication between Pension Boards and LGPS Central was in general good. Suggested meetings should take place in LGPS Central Offices.
- Annual Pensions Board meeting for all LGPS Central Boards.

53 **Pensions Committee Reports and Feedback**

The public reports considered by the Pensions Committee at its meeting on 18 March 2022 had been received by the Board.

Agenda Item 11 - Pensions Administration Monitoring

A brief discussion ensued in relation to staffing and recruitment. It was confirmed that the administration team was not complete which affected output. However, they were still in a good place because they didn't have a backlog to start with. They were ensuring that records were up to date in time for the valuation. In terms of staff training, new staff were sent on a three-day residential course alongside interactive and online training.

In response to a query about whether recruitment remained on the Risk Register, it was confirmed that there was a risk each time a member of staff was lost as it took a long time to recruit and there was not a readily available pool of recruitments. However this was a national issue.

The Pensions Administration Manager confirmed that a revised training policy had been introduced for Board/Committee members and staff and a training plan would be produced.

In terms of training for Board Members, attention was drawn to conferences in Gloucester, PLSA event held at Cotswold Water Park and the LGC conference. Any other conferences/training events would be brought to Members' attention.

54 Date of Next Meeting

The next meeting of the Pensions Board would be held on the 8 July 2022 at 10.00am.

55 Exclusion of Press and Public

RESOLVED:

That in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and paragraph 10.2 of the Council's Access to Information Procedure Rules, the public and press be excluded during consideration of the following items as defined by the categories specified against them.

56 Exempt Minutes (Exempted by Category 3)

RESOLVED:

That the Exempt Minutes of the meeting held on 28 January 2022 be approved and signed by the Chairman as a correct record.

57 Cyber Security Update (Exempted by Category 3)

The Board received an update from Ian Churms, Infrastructure Security and Innovation Manager, Paul Day, Head of ICT and Barry Hanson, the Principal Auditor for IT in relation to a recent cyber incident.

RESOLVED: To note the contents of the update.

58 Pensions Committee Reports and Feedback (Exempted by Category 3)

The exempt reports considered by the Pensions Committee at its meeting on 18 March 2022 had been received by the Board.

59 Governance Update (Exempted by Category 3)

The Board received the report of the Communications and Governance Team Leader – copy attached to the signed Exempt Minutes – which provided an update on the Breaches of LGPS regulations recorded for the quarter ending 31 December 2021 affecting the Shropshire County Pension Fund. Updates on all other governance issues were also included within the report.

RESOLVED:

That the contents of the report be noted.

Signed (Chairman)

Date:

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Committee and Date

Pensions Board

14 October 2022

PENSIONS BOARD

Minutes of the meeting held on 8 July 2022

In the Wilfred Owen Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

10.00am – 10.55am

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Member Representatives

John Hall

Mike Morris (virtual)

Dave Wright

Employer Representatives

Helen Woodvine

This meeting was not quorate however as no decisions were being made it was agreed to proceed.

1 Election of Chairman

It was moved, seconded and

RESOLVED:

That Dave Wright be elected Chairman for this meeting.

2 Apologies

Apologies were received from Clare Charlesworth-Jones and Liz Furey.

3 Declarations of Conflicts of Interest

No conflicts of interest were declared.

4 Minutes of the previous meeting

The Board received the Minutes of the meeting held on 29 April 2022.

5 Public Question Time

No public questions had been received.

6 Administration and Regulatory Updates

The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes – which provided Members with the latest administration and regulatory updates affecting the Local Government Pensions Scheme.

The Pensions Administration Manager explained that the latest administration and regulatory updates had been presented to the Pensions Committee at its meeting on 24 June 2022 but that she had included the additional items that had come through since in this report.

The Pensions Administration Manager referred to the Scheme Advisory Board Annual report that had recently been published which was almost two years out of date because the information collected was from 2021. She drew attention to some of the statistics including the growth in fund membership, the increase in the size of the fund and how many employers were growing within the fund. Everything therefore reflected what was happening in Shropshire. At the moment it seemed to be running along the lines of the national picture.

She drew attention to the PLSA research project that had recently been published. Although it did not suggest any answers, it actually pulled together all of the issues and challenges across the LGPS.

Referring to the Administration and Regulatory update report that was considered by the Pensions Committee at its last meeting, a query was raised as to the performance of the team. In particular, paragraph 7.2 which referred to the year-end member data submitted to the fund and paragraph 7.3 which referred to data cleansing. It was queried whether there was anything outstanding on that data.

In response, the Pensions Administration Manager reported that currently they had had all of the year end submissions of the data from all of the employers however there were still a couple of employers that had not submitted their reconciliation reports. She explained that under the legislation they needed to have had everything by the end of June. She reported that they were now in a position where they could chase the employers for those outstanding records because they were in contravention of the rules. She went on to explain that the data was still being cleansed and that all employers were being chased for the information required for the valuation. There were currently 700 unprocessed leavers, of which 70 needed to be chased for their leavers documentation in order to have a deferred benefit calculation.

She explained that the council had a good working relationship with its employers and that all data was usually robust although they did need to

chase a few and these were monitored for their breaches and chased as necessary.

In response to a query, the Pensions Administration Manager explained that it was resolvable as far as benefits for the individual were concerned as they would get that information from the employers and if it was not resolvable by the following week when the data needed to be sent to the Actuary, this may have an impact on the employers' contribution rate, and this had been communicated to all employers to ensure they were aware and could put additional resources into that area.

Turning to paragraph 7.5 of the Committee report, a query was raised in relation to the annual pension increase, the issues that arose during this year's exercise and the lessons that were learnt from it. In response, the Pensions Administration Manager explained that the lessons learnt were more about the process and whether it was as robust as it should be, whether it ensured that any changes to the system were picked up etc.

She explained that the pensions increase had been affected by the pension reconciliation and rectification exercise that had been undertaken the previous year and there had been some changes in the software which hadn't been picked up on to ensure that the processes on the system were calculated in the way they should be. This was picked up when the increase was run through a test system first however, this should have already been known about. This issue had been addressed by the appointment of a project manager within the team so it would be managed by one person engaging with all three teams across the whole of the Pensions Administration team.

Member noted the contents of the report.

7 Pensions Committee Reports and Feedback

The public reports considered by the Pensions Committee at its meeting on 24 June 2022 had been received by the Board.

Members commented on the presentation from Mercers on actuarial valuations which was felt to be very useful and it was suggested that this be discussed/re-presented at the next quorate meeting of the Board. The explanation around inflation on existing and future pensions, really posed the question about whether the fund could cope in these extreme conditions, extreme inflation, extreme increase to pensioners along with the current problematic markets.

In response, the Head of Treasury and Pensions explained that the update on the valuation had been received six or seven months ago by the Committee so it was felt a good idea to have a refresher session for the

newer members of the Committee so they could go through the process (which took place every three years), and one of the things that had fundamentally changed since the last time, due to the war in Ukraine and Russia was the increase in inflation to around 9%. However, with the valuation, the Committee were looking over the long term, the next 20-25 years so although there would be a short-term impact and increasing interest rates, that would all be factored in but the Committee were looking over the longer term.

Concern was raised that some Members of the Pensions Committee were not regularly attending meetings despite there being substitutes. In response, the Head of Treasury and Pensions reported that Telford & Wrekin Council were awaiting their Cabinet meeting in July to nominate their Members onto the Committee.

8 Date of Next Meeting

The next meeting of the Pensions Board would be held on the 14 October 2022 at 10.00am.

9 Exclusion of Press and Public

RESOLVED:

That in accordance with the provisions of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations and Paragraphs 3 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

10 Exempt Minutes (Exempted by Category 3)

The Board received the Exempt Minutes of the meeting held on 29 April 2022.

11 Pensions Committee Reports and Feedback (Exempted by Category 3)

The exempt reports considered by the Pensions Committee at its meeting on 24 June 2022 had been received by the Board.

12 Governance Update (Exempted by Category 3)

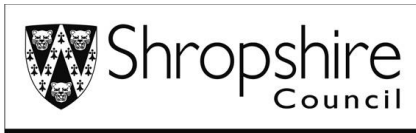
The Board received the report of the Communications and Governance Team Leader – copy attached to the signed Exempt Minutes – which provided an update on the Breaches of LGPS regulations recorded for the quarter ending 31 December 2021 affecting the Shropshire County Pension Fund. Updates on all other governance issues were also included within the report.

Members noted the contents of the report.

Signed (Chairman)

Date:

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<u>Committee and date</u> Pensions Board 14 October 2022 10.00am

<u>Item</u> <u>Public</u>

Administration and regulatory updates

Responsible Officer: Debbie Sharp
Email: Debbie.sharp@shropshire.gov.uk
Tel: (01743) 252192

1. Synopsis

- 1.1. The report provides Pension Board members with the latest administration and regulatory updates affecting the Local Government Pension Scheme (LGPS).

2. Executive Summary

- 2.1. Due to the fact that the Pensions Committee meeting has been held in September 2022 and to avoid duplication, this report covers the administration and regulatory issues which have arisen since the administration report provided to Pensions Committee on the 16 September 2022 and provides any recent updates on any issues raised at that meeting.
- 2.2. Updates have been provided on national LGPS issues relating to McCloud, Exit Cap, Pensions Awareness Campaign and The Pension Regulator's One Code of Practice.
- 2.3. Updates are also given on legal support services offered to the team, Shared Cost Additional Voluntary Contributions salary sacrifice schemes and the upcoming Employers Meeting 2022.

3. Recommendations

- 3.1. Pension Board members are asked to note the contents of this report with or without comment.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to, risks to the fund are minimised. A risk register is kept and updated in line with council corporate policy.

4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

5. Financial Implications

5.1. Currently there are no direct financial implications arising from this report.

6. Climate change appraisal

6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Administration and regulatory update

7.1. In addition to this report, the Pensions Board are advised to note the pensions administration reports submitted to the Pension Committee on 16 September 2022.

8. Cyber security

8.1. The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure they have good cyber security. Shropshire County Pension Fund takes data security very seriously and works closely with Shropshire Council's IT team and any companies providing pensions software to confirm that the systems holding personal data are protected.

9. Communications

9.1. The fund monitors member take-up of its online area member self-service (MSS), known by members as 'My Pension Online'. The annual benefit statements for both active and deferred members are now available to view on 'My Pension Online' unless a member has requested a paper copy. As at September 2022 a total of 48% active members and 41% of deferred members and 44% of pensioners were registered to view their records on 'My Pension Online'.

10. Update from Scheme Advisory Board (SAB)

- 10.1. On 26 August 2022, Cllr Roger Phillips, Chair of the SAB, wrote to the Local Government Minister, Paul Scully. The letter to the minister recommends amending the regulations on death grants and survivor benefits. The letter can be found in **Appendix A**. The SAB expressed concern about continuing to restrict death grants to cases where the member died before age 75. It considers the restriction may be at risk of legal challenge and should be removed. The SAB reminded the minister that the LGPS rules on survivor benefits have not yet been amended to reflect the Goodwin judgment. It has previously recommended the Government investigate the feasibility of removing all differences in the survivor benefit rules.
- 10.2. Pension Board members can read a detailed summary of the meeting on the Board updates page of the SAB website: <https://lgpsboard.org/index.php/about-the-board/prev-meetings> The SAB board meetings page includes full details of the meeting and agenda papers.

11. Pensions awareness campaign

- 11.1. Pensions Awareness Week is a national initiative aimed at making all individuals aware of pensions and retirement issues. The proposed pensions awareness campaign running from 12th to 16th September 2022 was postponed following the passing of Her Majesty Queen Elizabeth II. It will now take place between 31st October and 4th November 2022. The team have various communication activities planned for this week and will also be sharing this information with scheme employers for distribution if they wish.

12. Shared Cost Additional Voluntary Contribution (SCAVCs)

- 12.1. The fund has been made aware of two scheme employers currently exploring setting up a salary sacrifice SCAVC option for active scheme members. To date, these are the first employers who wish to consider this option. More information on SCAVCs can be found in an update from the Local Government Association (LGA) update found here: <https://lgpslibrary.org/assets/gas/ew/213AppB.pdf>
- 12.2. Officers have been involved in initial discussions with both employers and have discussed the impact on administering SCAVC's with other funds who have employers with a SCAVC facility already in place. Mixed feedback has been provided to officers on the level of impact on the resources required from

the pension administration teams. Officers will be monitoring the implementation to ensure minimal impact on the team.

13. The Pension Regulator's Single Code of Practice

- 13.1. In April 2022, Pension Board members were provided with an overview on the latest position of The Pension Regulator (TPR)'s new single code of practice. More recently, it was reported at September 2022 Pensions Committee that the new single Code of Practice has been delayed and it was expected to be published by the end of September. The fund understands that the latest position is the new code is now not expected until later 2022 or early 2023. However, it is understood that no material change is expected from the already drafted new code (and reported in April 2022). For the LGPS, there are twelve modules described as 'new', twenty 'existing' and four 'best practice' Some of the 'new' modules listed for Public Sector schemes such as scams and cyber controls have pre-emptively been worked on by the fund and reported to Pensions Committee and Board. An assessment will be required, of all the modules in the Code, when it is published in its final version and comes into force to ensure the fund is compliant.
- 13.2. In the meantime, the fund Actuary, Mercers have released a video covering the new single code and will be offering a webinar when more information is published. More information can be found here:
<https://www.uk.mercer.com/events/webcasts/single-code-of-practice-are-you-ready.html>
- 13.3. One area of the code; Diversity, Equality and Inclusion will be a separate module and TPR have recently published an action plan in partnership with the pensions industry to improve diversity and inclusion across pension scheme boards. The action plan sets out steps to encourage and support trustees to recruit diverse candidates and create a culture of inclusion following new research to prioritising diversity. Whilst not directly related to the LGPS, it is something to consider for LGPS funds.
<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2022-press-releases/tpr-publishes-action-plan-to-boost-diversity-and-inclusion-across-trustee-boards>

14. Exit Payment Cap consultation

- 14.1. On 8 August HM Treasury published the latest consultation of the £95k exit cap issue. Rather than apply an absolute cap to exit payments, the new proposal seeks to tighten up the

approval process and to give the relevant department's Secretary of State the final say on whether a £95,000 plus payment can be made. The expectation is that approval will only be granted in exceptional circumstances. The consultation relates only to central government, which means that it will cover academies and it will also include pension strain in the £95k calculation. It is still to be confirmed whether DLUHC will seek to apply something similar to local authorities.

15. Legal support services

15.1. Due to a staffing change within Shropshire Council's Legal Services Team, officers are currently exploring alternative options to access LGPS legal services support for ongoing casework (such as admission agreements) and specific LGPS advice. The external providers services provided, including costs are currently being reviewed.

16. Employers Meeting 2022

16.1. Pension Board Members are reminded that the Scheme Employers meeting is due to take place on 23 November 2022 via a Microsoft Teams. It will include an update from the fund Actuary on the 2022 fund valuation and provide employers with initial results. Registration for the meeting is now open and employers have been encouraged to register attendance. There is an opportunity to raise any questions before, during and after the meeting with the team and fund Actuary.

17. McCloud remedy project

17.1. The fund has continued its work on the McCloud project and is working with the Fund Actuary, Mercer, to perform a thorough data check. A dedicated webpage has been set up which will provide updates to both scheme members and employers as the project progresses. It can be found here:
<https://shropshirecountypensionfund.co.uk/mccloud>

18. Data collection on colleges

18.1. On 23 September 2022, Jeremy Hughes emailed managers at administering authorities. Jeremy sent the email on behalf of Teresa Clay, Head of Pensions at the Department for Levelling Up, Housing and Communities (DLUHC) and Joanne Donnelly, Scheme Advisory Board Secretary. The email sets out a request from the Department for Education (DfE) for additional data on colleges.

18.2. The request follows recent discussions with DfE, SAB and DLUHC. DfE will use the data to better understand Colleges' funding requirements and consider the merits of providing additional covenant assurances. For example, a guarantee like that provided for academies. Commissioning of the work is not an indication that a guarantee will be automatically provided. DfE wish to consider the available options as soon as practical in the autumn. To support this review and facilitate efficient, timely receipt of data from the actuaries, DLUHC and the Scheme Advisory Board (SAB) have proposed that:

- actuaries will invoice SAB directly for their time, and DfE will provide the required funding to SAB with no additional fees incurred by administering authorities; and
- actuaries will provide the requested data directly to GAD no later than 21st October 2022. DLUHC and SAB will continue to work with DfE and other stakeholders to support the review.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 8 July 2022 Pensions Administration Report

Pensions Board Meeting 29 April 2022 Administration and Regulatory updates

Pensions Board Meeting 16 September 2022 Administration and Regulatory updates

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

Appendix A – SAB letter to Paul Scully MP

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Scheme Advisory Board

Paul Scully MP
Minister of State, Department for Levelling Up, Housing and Communities
Fry Building
2 Marsham Street
SW1P 4DF

26 August 2022

Please reply to the Advisory Board Secretary: joanne.donnelly@local.gov.uk

Dear Paul

Local Government Pension Scheme: Scheme Advisory Board Reform of Benefit Structure

I write pursuant to the Advisory Board's statutory function to make recommendations on the desirability of making changes to the Scheme (Regulation 110(2)). In fulfilling this function, the Board feels that it is important for the benefits structure of the Scheme to reflect both recent court judgments and our evolving understanding of our duties to promote equality under the Equalities Act 2010.

At the Board meeting on 6 June, we discussed the issue of potential age discrimination inherent in Regulations 40(1) and 46(1) of the 2013 regulations, which impose a restriction of age 75 for a death grant to be paid. In setting this upper age limit, we believe that the LGPS is not only at risk of legal challenge, but also out of step with other public service pension schemes which have already removed this upper age limit. It was agreed that I should write to formally recommend that this potential discrimination be removed from the scheme.

The Board also agreed that I should remind you that we are still waiting for the Department to fulfil [the Government's commitment](#) to consult on proposed amendments to the scheme to address the need to amend survivor benefits in light of the Goodwin case, which was concluded in June 2020.

On the issue of survivor benefits, the Board has previously recommended (in a letter of 27 November 2017 to Marcus Jones MP) that the Government should investigate the feasibility removing all remaining differences in benefits in relation to survivor benefits, potentially with those changes only affecting survivor benefits brought into payment from a time to be agreed (rather than all previous and existing recipients of survivor benefits). This would help "future proof" the schemes against expensive and resource consuming legal challenges which chip away at the remaining inconsistencies in benefits.

To inform decisions on these changes, we recommended that the Department considers commissioning the Government Actuary's Department (GAD) to undertake

Scheme Advisory Board Secretariat

18 Smith Square, London SW1P 3HZ

The Board secretariat is provided by the Local Government Association

the appropriate analysis to identify those elements of the scheme where differences in benefits arise and the cost of removing those provisions over a number of different time periods. Evidence-based decisions could then be taken which balance the legal risks, the costs and the fairness of where those costs should fall. I would be grateful if you could give this proposal fresh consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger Phillips', with a long horizontal flourish extending to the right.

Cllr Roger Phillips
Chair of the Board

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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