



Committee and date  
Pensions Board

28 January 2022

10.00am

Item

Public

## **Administration and regulatory updates**

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### **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. The report includes updates on the Condition for transfers Regulations introduced in November 2021; updates on the take-up rates of the member on-line portal and the procedures put in place should a pensioner member be suspected of being vulnerable.
- 2.2. The report also updates the board on the different types of Employers within the Fund.

### **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 pension administration reports submitted to the Pension Committee on 17 January 2022.

7.2. On 8 November 2021 The Occupational and Pension Schemes (Conditions for Transfers) Regulations 2021 were laid. The regulations took effect on 30 November 2021. They introduced further legal restrictions on a member's statutory right to transfer. The regulations give administering authorities tools to act if they have suspicions about the circumstances that have led the member to request a transfer. The member will no longer be able to insist on a statutory transfer taking place in these circumstances. These changes will affect the payment of cash equivalent transfers for:

- deferred members who request a statement of entitlement on or after 30 November 2021 (main scheme benefits only)
- AVC members who elect for payment of a transfer on or after 30 November 2021
- pension credit members who elect for payment of a transfer on or after 30 November 2021 (main scheme and / or AVCs).

These regulations do not apply to the payment of cash transfer sums (deferred refunds) nor to pensions on divorce transfers.

7.3. Transfers to UK public service schemes, master trusts and collective money purchase schemes can continue without further

checks. Before transferring to any other type of scheme, the administering authority must decide if there are any red flags or amber flags present. The Pensions Regulator's guidance on dealing with transfer requests details what are red and amber flags. If there are any red flags present, the fund cannot pay the transfer. If there are amber flags, present the transfer is paused until the member can provide evidence that they have received pension scams guidance from MoneyHelper.

- 7.4. The team have reviewed the Pensions Regulator's guidance and internal procedures, and communications have been amended accordingly.

## **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.
- 8.2. Work in this area continues, ensuring the fund is following the Pensions Regulator's guidance.

## **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 available to view on 'My Pension Online' unless a member has requested a paper copy. As at December 2021 a total of 47% active members and 39% of deferred members and 40% of pensioners were registered to view their records on 'My Pension Online'.

## **10. Scheme Advisory Board (SAB)**

- 10.1. The latest news from the SAB can be found on their website <https://www.lgpsboard.org/>

## **11. Protecting vulnerable scheme members**

- 11.1. The team have, after investigation, pulled together a check list of actions that can be taken should concerns be raised about one of

our fund members. The process has been shared with all team members.

- 11.2. For members who are resident in Shropshire, the fund will contact the First Point of Contact Team on 0345 678 9044 or [FirstPointofContact@shropshire.gov.uk](mailto:FirstPointofContact@shropshire.gov.uk). For members residing in other parts of the UK, the fund will try to identify the first point of contact team at the relevant council.

## **12. LGPS Employers**

- 12.1. Scheme employers - All scheme employers (as defined under Schedule 2 Part 1 of the Regulations) are entitled to join the fund under the regulations. These bodies include tax raising bodies, those funded by central government (academies and colleges) and universities (reliant on non-government income). These employers have to offer LGPS membership to their employees. Other scheme employers (specifically those defined under Schedule 2 Part 2 of the Regulations) (Designated Bodies) can designate eligibility to join the scheme for individuals or groups, where they pass a resolution to that effect. A copy of this resolution is required by the fund.
- 12.2. Academy conversions (scheme employers)- Where a school has elected to convert to academy status, the academy becomes a scheme employer on conversion date. The academy has to offer LGPS membership to its non-teaching staff. The fund's policy is for the new academy to inherit the school's share of the historic local authority deficit prior to its conversion. This is in accordance with the Department for Education (DfE) guidance issued when the academy conversion programme was extended to cover all schools.
- 12.3. Admission bodies - An admission body is an employer which, if it satisfies certain regulatory criteria, can apply to participate in the fund. Admission bodies can join the fund if:
  - I. They provide a service for a scheme employer as a result of an outsourcing (formerly known as transferee admission bodies)
  - II. They provide some form of public service and their funding in most cases derives primarily from local or central government. They take many different forms but essentially, they are "not for profit" organisations.

If its application is accepted, it will enter an “admission agreement” with the fund and the outsourcing employer (if there is one). The admission agreement sets out the conditions of participation of the admission body, in accordance with the regulations, including which employees (or categories of employees) are eligible to become members of the fund. Any specific arrangements outside the normal regulations agreed between the letting authority and the new entity will be covered in the commercial agreement. This includes but is not limited to cases where pension costs are shared, or indeed fully passed back to the original employer. The administering authority must be informed at the outset of any specific arrangements agreed.

- 12.4. The fund’s Employer Events Policy describes the various ‘life stage’ of an employer that participates in the fund.  
<https://shropshirecountypensionfund.co.uk/media/1454/employer-events-policy-september-2021.pdf>
- 12.5. When an employer becomes an exiting employer (for example the last active member leaves that employer, or an admission agreement terminates for any reason), the fund must take action under the regulations. The fund is required to obtain an actuarial valuation of that employer’s liabilities in respect of benefits of the exiting employer’s current and former employees along with a termination contribution certificate. It is the fund’s policy position that such an actuarial valuation will be commissioned for all cases unless a decision is taken to the contrary specific to a particular case. In all cases where this valuation is carried out, regardless of whether the assessment reveals a deficit or a surplus, a termination contribution certificate will be issued by the fund actuary.
- 12.6. The fund in 2020/2021 had 208 employers. 146 with active contributing members and 62 with no current contributing members. Please see **Appendix A**. This is a 27% increase over the last four years. 88 scheme employers (have to offer membership), 40 are designated bodies (choose to offer membership) and 80 are admitted bodies (have to have an admission agreement to allow them to offer membership to certain employees).
- 12.7. At **Appendix B** is a slide from the 2017 annual meeting showing that there were 164 total employers in the fund as at 2016/2017 which had increased from 56, 20 years before in 1997. An increase of just under 200% growth.

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

Pensions Committee Meeting 17 September 2021 Pensions Annual Accounts 2021

Pensions Committee Meeting 17 January 2022 Pensions Administration Report

Pensions Board Meeting 15 October 2021 Administration and Regulatory updates

**Cabinet Member (Portfolio Holder)**

N/A

**Local Member**

N/A

**Appendices**

Appendix A – Employers list from 2020/2021 annual report

Appendix B – Slide from 2017 annual meeting – Fund employers