

## Synopsis of Prospective Changes to LGPS & Overriding Pension Legislation November 2017

Organisation	Subject	Link	Comments
HM Treasury	Pensions scams: consultation	<p data-bbox="804 284 1424 347"><a href="https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation">https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation</a> -</p> <p data-bbox="804 719 1424 810"><a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scams_consultation_response.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scams_consultation_response.pdf</a> -</p>	<p data-bbox="1447 252 2125 343"><b>July Update</b> Published 5 December 2016 and closing on 13 February 2017 – MPF submitted a response.</p> <p data-bbox="1447 376 2125 528">This consultation sets out a package of measures aimed at tackling three different areas of pensions scams, a cold calling ban; consulting on clarifying the law so that Funds can block pension transfers and making it harder to open fraudulent schemes.</p> <p data-bbox="1447 561 2125 619">The Fund response supported the suggested actions within the consultation</p> <p data-bbox="1447 722 2125 879"><b>November Update</b> On 21 August 2017, the Government published its response to the consultation on pension scams, confirming that it intends to legislate for a ban on pension cold calling.</p> <p data-bbox="1447 912 2125 970">The ban will extend to electronic communications, including emails and text messages.</p> <p data-bbox="1447 1003 2125 1155">It is also the intention in late 2018, to introduce legislation limiting the statutory right to transfer pension benefits and measures to make it more difficult for fraudsters to open pension schemes (likely to be used for scam purposes).</p> <p data-bbox="1447 1189 2125 1246">The Information Commissioner’s Office will be responsible for enforcing the ban</p>

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HM Treasury	Indexation and equalisation of GMP in public service pension schemes	<a href="https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes">https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes</a>	<p><b>July Update</b> Published on 28 November 2016, and a response sent from MPF.</p> <p>This consultation gave three options for increasing Guaranteed Minimum Pensions (GMP) within the public sector for those people reaching State Pension age from 6 December 2018.</p> <p>The Fund's preferred approach of converting the GMP into scheme benefits, was presented as the simpler, longer term solution</p> <p><b>November Update</b> Although closed on 20 February 2017, we are still awaiting further comment from Government on how to address the implications of State Pension reform for Guaranteed Minimum Pensions (GMPs) of public servants below State Pension age.</p> <p>It is unclear when such clarification will be forthcoming. It is noteworthy that under all the presented options that the burden of providing indexation on GMPs will now fall on the public service schemes; as the increases will now longer be provided through the Additional State Pension.</p> <p>The proposals are administratively complex and increase cost on all participating employers.</p>

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HM Treasury	Reforms to Public Sector exit payments: response to the consultation	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/555304/reforms_to_public_sector_exit_payments_consultation_response.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/555304/reforms_to_public_sector_exit_payments_consultation_response.pdf</a>  <a href="http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf">http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf</a>	<p><b>July Update</b> Introduction of new regulations for exit payments appear to have been further delayed as a result of the recent General Election.</p> <p>Summary of proposed changes:</p> <ol style="list-style-type: none"> <li>1. recovery of exit payments for high earners who are reemployed - actual regulations expected any time</li> <li>2. the £95k cap for exit. Employment Enterprise Regulations have commencement regulations effective from 1 February 2017 short consultation possible awaiting further information</li> <li>3. third tranche on exit payments Government responded to the consultation on reforming exit payments across the Public Sector.</li> </ol> <p>Government departments asked to submit details of their proposals; including limits on employer funded early access to pension benefits (e.g. redundancy and business efficiency retirements in the LGPS)</p> <p><b>November Update</b> Latest understanding is that a further consultation on the exit payment cap and exit payment recovery elements of public sector provisions is expected by the end of November 2017.</p> <p>There is no further update on the third element of the Government's reform package covering the wider rules on exit payment provisions. Thus, we still await detail from DCLG as to what this will mean for the local government sector.</p>

			<p>Due to the delay in the exit cap reforms a standardised approach to calculate strain costs will not be implemented in the short term.</p> <p>The advice of MPF's actuary is to apply a loading to the pension cost factors, increasing employer costs by 5% to reflect the increase in the net present cost of pensions due to the depressed return outlook</p>
<p><b>Information Commissioner Office</b></p>	<p>General Data Protection Regulations (GDPR)</p>	<p><a href="https://ico.org.uk/for-organisations/dataprotection-reform/overview-of-the-gdpr">https://ico.org.uk/for-organisations/dataprotection-reform/overview-of-the-gdpr</a></p>	<p><b>November Update</b> Comes into effect in May 2018 and replaces the Data Protection Act 1998.</p> <p>Introduces new obligations on data controllers. The Fund is both a data controller and a data processor and needs to ensure that it has appropriate processes in place to comply with the changes being introduced.</p> <p>Merseyside Pension Fund is working closely with the LGA in developing project plans, template notifications and policies, together with all other necessary provisions required to successfully comply with GDPR.</p> <p>Officers are also participating in Wirral Council's Information Governance Delivery Group – the group tasked with GDPR compliance for the administering authority.</p>

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DCLG	LGPS Regulations: Draft Amendment Regulations with Best Value & Fair Deal consultation and freedom and Choice options	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/526538/Consultation_on_Local_Government_Pension_Scheme_Regulations.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/526538/Consultation_on_Local_Government_Pension_Scheme_Regulations.pdf</a>	<p><b>July Update</b> This consultation reviews the approach for Best Value and Fair Deal for the transfer of staff. Closed 20 August 2016.</p> <p>Responses led to DCLG deciding to split these away from the amendment regulations as a rethink was required.</p> <p>Nothing expected before June 2017</p> <p>The other amendments will be processed earlier but need changes to the Freedom and Choice section so short consultation may be required.</p> <p>Expected implementation delayed because of General Election</p> <p><b>November Update</b> There has been no further movement with regard to the introduction of a new Fair Deal into the LGPS since the last update.</p> <p>We still await the further consultation on how the changes to Fair Deal, introduced in 2013, will be applied across the employers in the LGPS (excluding academies for whom the new Fair Deal applied with immediate effect)</p>

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<b>Government Actuaries Department (GAD)</b>	Managing risks in the public service pension schemes	<a href="https://www.gov.uk/government/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms">https://www.gov.uk/government/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms</a>	<p>GAD has published a document outlining its thoughts on a report published in June, from the National Audit Office on the Government's Public Sector pension liability.</p> <p>The document sets out some ideas on appraising long-term risks for public sector pension schemes.</p> <p><b>November Update</b> No updates have been issued by GAD since the last committee meeting.</p>
<b>Scheme Advisory Board (SAB)</b>	Academies' review	<p><a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a></p> <p><a href="http://www.lgpsboard.org/images/PDF/LGPS_Advisory_Board_Options_for_academies_20170525_v1_1.pdf">http://www.lgpsboard.org/images/PDF/LGPS_Advisory_Board_Options_for_academies_20170525_v1_1.pdf</a></p>	<p>Ministers agreed that DfE, DCLG, GAD and the SAB should continue to work closely together to pursue solutions, engaging key stakeholders; including pension funds, actuarial firms and academy trusts as appropriate.</p> <p>The next stage will be to gather relevant evidence and develop specific proposals for change that the SAB will consider before submitting its recommendations to Ministers for their consideration</p> <p><b>November Update</b> SAB in developing options with regard to the plan to convert all schools to academies and what this would mean for LGPS pension funds and host authorities, commissioned PwC to produce a report on "Options for Academies in the LGPS". The report identified and highlighted problems/issues experienced by stakeholders.</p> <p>No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted.</p> <p>SAB has said that it will continue to gather relevant evidence before developing specific proposals and recommendations for submission to Ministers for their</p>

			consideration. MPF is currently reviewing the way it deals with academies in the Fund, to ensure a consistent approach and clear lines of communication with the academies
<b>Scheme Advisory Board (SAB)</b>	Committees – membership & remit	<a href="http://www.lgpsboard.org/index.php/sub-comms/membership-remit">http://www.lgpsboard.org/index.php/sub-comms/membership-remit</a>	<p><b>July Update</b> The Scheme Advisory Board have requested that a further review of ill-health retirement benefits be carried out; taking on-board the recommendation previously made by the Shadow sub-committee.</p> <p>A Working Group has been set-up to consider options.</p> <p><b>November Update</b> No update since the last committee meeting.</p>
<b>Scheme Advisory Board (SAB)</b>	Local Pension Board Survey	<a href="http://www.lgpsboard.org/survey.php">http://www.lgpsboard.org/survey.php</a>	<p><b>November Update</b> This was launched in May, with a closing date of the end of July 2017 - although this was extended to 29 September due to a lack of responses received.</p> <p>The aim was to assess the effectiveness and compliance of local pension boards. MPF responded to the survey, the findings of which will be reported to SAB in October 2017, although it is still unclear as to whether recommendations will then be made to Ministers.</p>
<b>Scheme Advisory Board (SAB)</b>	Tier 3 employers	<a href="http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid">http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid</a>	<p><b>November Update</b> 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.</p> <p>There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps.</p>