

March 2020

# Pensions Shared Service Employers Newsletter

## Urgent Update

Responding to the Government's guidance regarding Covid 19, we have adapted our processes. The safety and wellbeing of our staff and everyone who accesses our services is our priority.

Our office in the Wandsworth Town Hall is no longer available for walk-ins, visitors to the PSS must have a pre-arranged meeting or have been invited by Pensions staff.

We will continue to deliver our services and respond to emails and telephone calls. Our response times may change as current events develop. You can also arrange a Skype meeting with us. We ask that, before contacting us, you encourage staff to use our dedicated website for information:

[pensionssharedservice.org.uk](https://pensionssharedservice.org.uk)

Please check that your organisation and (if applicable) external payroll provider – has a business continuity plan that covers your statutory LGPS duties.

There have also been some recent key developments regarding the LGPS such as the McCloud judgement and the recent downturn in world markets that have had an impact on pension funds.

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## Member Enquiries:

There is a PSS website that provides guidance and forms relating to your fund.



<https://pensionssharedservice.org.uk>

For comprehensive information about the LGPS members should visit



<https://lgpsmember.org>

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## **The LGPS and stock markets - a message from the Board**

On 16 March the Scheme Advisory Board (SAB) issued the following statement to assure members that their LGPS benefits will not be affected by the current financial downturn brought about by the Coronavirus outbreak:

“There has been a lot of disturbing news lately about the fall in stock markets and the potential resultant impact on defined contribution pensions.

LGPS defined benefit pensions are not linked to stock market performance and benefits are set out in statute.

Although short term investment values may vary, the LGPS as a long-term investor is securely managed to address any longer term impacts.

**LGPS Scheme members can therefore be assured that both their contributions and their pension, whether in payment or built up to date, will be unaffected.**”

Please bring this assurance to members of your staff who have access to the LGPS which can be accessed at <https://www.lgpsboard.org>.

If you have any questions regarding this issue please email us at [psemployers@richmondandwandsworth.gov.uk](mailto:psemployers@richmondandwandsworth.gov.uk).

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## The McCloud Judgement

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. The judgement of the courts was that this was age discriminatory. A remedy must now be found for all public sector schemes including the LGPS.

The solution is not currently known but we are 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.

Currently Employment Tribunals (ET) are being held to address the age discrimination issue. The ET rulings are likely to result in potential changes to benefits for some scheme members but the financial implications for employers won't be known until completion of the ET's which could take up to two years. The remedy will be announced and will apply to some members of affected schemes and not just those who have lodged legal claims including leavers and retirees since 2014.

The final remedy will involve a comparison of pre and post 2014 benefits. This will require data items such as part time hours. In some cases employers keep member data for a short period e.g. 6 years, but it's important that you avoid deleting hour change and service break member data from April 2014 onwards. **It is vital that you keep relevant payroll records until the McCloud exercise is concluded.**

Without access to accurate data there is an increased risk that your pension liabilities might increase unnecessarily or there may be an appeal against you under the Internal Dispute Resolutions Procedure.

**To facilitate a successful outcome please retain all relevant member data and provide this to the PSS when requested.**

Please ensure that the data required under the McCloud judgement is incorporated in your data retention policy. For more information on data retention please refer to the article on page 4.

***Scheme members do not need to take any action!***

It is important that your employees are made aware that if they qualify for protection it will apply automatically. **They do not need to make an employment tribunal claim which may involve unnecessary cost to them.**

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## General Data Protection Regulation – updated documentation and Data Retention Policies

We have updated our privacy notice to ensure that it correctly reflects our role as a joint controller of personal data, along with each of Merton Council, Camden Council and Waltham Forest Council when we manage the Pension Shared Service on their behalves. We have also taken the opportunity to review and update the Memorandum of Understanding and publish the Pension Fund Data Retention Policy.

Additionally and more importantly, the Local Government Association (LGA) commissioned a data retention policy template which we encourage scheme employers to use and display on websites. The document sets out what data you should keep for members of the LGPS and for how long. Please note, it must be tailored to your specific circumstances. You can either adopt the policy, or incorporate it into an existing personal data retention policy.

### **It is vital that your policy incorporates the data that may be required under the McCloud judgement and exercise.**

Information about the template and access to all the GDPR documentation is available on our website at <https://pensionssharedservice.org.uk/gdpr-and-your-pension/>

## Member Self Service (MMS) is coming

MMS will allow scheme members to access their own LGPS data online. In addition to this scheme members will have the opportunity to scrutinise their data and request clarification or correction.

The expectation is that this online portal will become the default method of Pension Shared Service communication with members and improvement in customer service and information exchange is expected.

Once we roll out this service later in 2020, we will notify you and then please encourage your employees to register for this service.

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## Accurate Data – The Next Steps

The quality of member data has never been more important or, high profile! Most importantly it's key in ensuring that CARE and final salary benefits are accurate. The Pensions Regulator is increasing its scrutiny of pension schemes and between 2018 and 2019 undertook a “deep-dive” analysis of ten LGPS funds. The engagement report found a number of risks and areas for improvement. You can access the report via TPR's website <https://www.thepensionsregulator.gov.uk>.

The PSS takes the matter of employer and member data very seriously and is taking a number of steps to ensure that member data is accurate and that high standards are maintained.

## Pensions Administration Strategy (PAS)

The aim of this PAS is for the Pensions Shared Service and Employers to work together to provide a high quality service for our members delivered through efficient working practices. A PAS ensures that employer and administrator roles and responsibilities are documented and agreed. It also allows the administrator to recover costs where an employer's actions cause additional work and resources.

The PAS will help to ensure that scheme data is accurate and, both the TPR report and the Scheme Advisory Board (SAB) Good Governance Review recognised its importance. The PSS consulted with all employers in February 2020 and any responses will be taken into consideration. The PAS has also been forwarded to your Local Pension Board for further comments. When all responses have been received and considered the PAS will be agreed by your fund. It will be implemented in 2020 and will form the basis of all future transactions between employers, the fund and the PSS.

## i-Connect

We have previously reported that employer data transmission will be via i-Connect. A large number of employers have already onboarded and the remainder should be using the system by June 2020. The system ensures the monthly transmission of data directly into our pensions administration system. i-Connect brings many benefits for Employers including maintaining data in line with statutory rules thus avoiding the risk of being fined by the Pensions Regulator, accurate member records have a beneficial impact on employer pension contribution rates and a better service for Employer staff members.

The deadline, for up to date monthly digital transfer of data from all Employers via i-Connect is 30 June 2020.

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## Employer Notifications – Email address and process

In order that the PSS maintains accurate pension records and that benefits are paid on time your co-operation is required in order that we are notified of new starters, contract changes and leavers. The information will vary depending on what you are notifying us of. A range of forms that you should use are available from our website:

<https://pensionssharedservice.org.uk>

In the past employer notifications have been sent to differing email and postal addresses which has led to inefficiency. This is particularly an issue where a member is retiring or has died which requires prompt action. We have therefore created the following email address which must be used when you are notifying us of employment changes that affect LGPS members:

[PSSemployers@richmondandwandsworth.gov.uk](mailto:PSSemployers@richmondandwandsworth.gov.uk)

Please note that scheme members will continue to raise queries via [pensions@richmondandwandsworth.gov.uk](mailto:pensions@richmondandwandsworth.gov.uk)

## Your Contact Details Please?

As we approach the end of the financial year there will be a growing need for us to contact you. We need to ensure that we have the correct contact details for the following:

- The head of your organisation
- Your payroll provider
- Your HR contact
- Your main contact for pensions referred to in our Pensions Administration Strategy (PAS) as a “nominated representative”

If you have not previously informed us or there has been a change in personnel please let us know. In order that we can update your records efficiently please email the updated details to [PSSemployers@richmondandwandsworth.gov.uk](mailto:PSSemployers@richmondandwandsworth.gov.uk). Please ensure that the subject line of the email is entitled “Contact Details”. The body of the email should include the name, job title, phone and email address of the individual in question.

If we do not hold up to date contact details you may miss key information or updates.

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## Your Discretions Policy – non-publication is a breach of law

This article doesn't apply to LGPS members in community schools because their staff are employees of the Local Education Authority and would fall under the LEA's Discretions Policy.

It might seem like a contradiction in terms but LGPS employers are required to have a discretions policy. The LGPS is a statutory pension scheme meaning its rules are laid down in law but the scheme does allow employers to make decisions generally related to enhancing member entitlements, referred to as discretions. Employers participating in the LGPS in England or Wales must formulate, publish and keep under review a Statement of Policy regarding certain discretions relating to employees who are in the scheme.

Whilst there are many discretions that fall under previous regulations, only a few require a written employer policy under regulation 60 the LGPS 2013. These are:

- Whether, where an active member wishes to purchase extra annual pension of up to £7,026 per year (2019/20 rates) by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC) [regulations 16(2)(e) and 16(4)(d) of the LGPS Regulations 2013].  
Whether, at full cost to the employer, to grant extra annual pension of up to £7,026 per year (2019/20 rates) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency [regulation 31 of the LGPS Regulations 2013].
- Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade and the conditions under which it is granted [regulation 30(6) of the LGPS Regulations 2013]
- Whether, as the 85 year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members [paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014].
- Waving actuarial reductions when a member elects to retire early under regulation 30 (8)

As these involve improving a member's benefits there would be a cost to you. The regulations require that every employer must:

- send a copy of its statement to the PSS and must publish its statement within three months of becoming an employer within the LGPS.
- keep the policy under review
- consider the extent to which the exercise of any of the functions under the mentioned regulations in accordance with its policy could lead to a serious loss of confidence in the public service
- be practicable and have due consideration of the costs
- not fetter their discretion by having a blanket policy

We wrote to all scheme employers in February and asked for their discretions policies to be returned to us. **The deadline to return your discretions policy is 30 March 2020.**

For more information please visit the Local Government Employers website.

<http://www.lgpslibrary.org/assets/gas/ew/DISCPv1.7c.pdf>

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## Useful links

We provide below useful contact and web site information which should be helpful to you:

### The Pensions Shared Service

We administer the LGPS for Camden, Merton, Richmond, Waltham Forest and Wandsworth. Please contact us via the details below:

Phone: 020 8871 8036

Email: [pensions@richmondandwandsworth.gov.uk](mailto:pensions@richmondandwandsworth.gov.uk)

<https://pensionssharedservice.org.uk>

The links below are to legislation relating to data and annual benefits statement compliance:

### The Local Government Pension Scheme Regulations – Valuations

<http://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#r62>

### The Pensions Regulator Code of Practice 14 – Data requirements

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

### The Pensions Regulator

<http://www.thepensionsregulator.gov.uk/>