

Conference highlights



LGPS Pension Managers' Conference (21 – 22 November 2023)

Mid-November means the annual trip to the seaside for the LGPS Pension Managers' Conference in Torquay to focus on the key issues facing administrators. It was an opportunity to hear from the new Pensions Ombudsman as well as hearing from officers on how they are coping with challenges such as recruitment and retention, communication and managing expanding workloads.

Thank you to everyone who visited the Hymans stand and we hope to see you all again next year.

Day 1

Chair's welcome

Pat Luscombe

This was Pat's last conference as Chair. He welcomed delegates to a busy day and half covering some of the key issues facing LGPS administrators.

Session 1: The Pensions Ombudsman

Dominic Harris, The Pensions Ombudsman

- Resolved cases are steadily increasing each year, but so too are the number of new cases being referred, leading to a persistent backlog of cases. There is now a much bigger focus on resolving cases early rather than allowing them to go all the way through to a full determination.
- TPO's cyber-attack in June affected their ability to process cases. Most common ones include transfers, mis-quotes, overpayments and ill-health retirements.
- The Court of Appeal recently found that TPO is not a competent court for the purposes of schemes recovering overpayments from members. Schemes will need to go to the County Courts to recoup overpayments if a scheme member disputes recovery. TPO is considering how to clarify this process.
- Dominic ran through some significant recent important cases. CAS-38681-W2H9b (with lessons for funds regarding spotting fraudsters), CAS-93568-H0D0 (regarding the interpretation of "overseas assets") and CAS-56210-B2T3 (where a flawed process can still produce a reasonable outcome as long as all relevant matters in the exercise of a discretion are considered).

Session 2: LGA update

Lorraine Bennett, Local Government Association

- The new LGPS minister is Simon Hoare (the 12th in as many years) who has a background as a local government councillor.
- McCloud - regulations take effect from 1 October 2023, but guidance still needed on certain areas. The guidance is in 3 parts; 1st part is out now; 2nd part will look at calculations and 3rd part 3 will cover retrospective calculations. LGA are McCloud webinars in December.
- Dashboards - DWP have delayed introduction as more time is needed. An absolute backstop date of 31 October 2026 remains in legislation. An informal consultation will determine a suitable date for public service schemes. Some commentators are speculating that this will be September 2025.
- Other issues - SAB's report on Sharia compliance is due for publication. It's unlikely to mean major structural change but perhaps moves to make the scheme more inclusive. Goodwin remedy expected next year. Forfeiture and 5-year refund to be consulted on. There may still be a consultation on member exit payments. The SAB chair wrote to the previous minister to request progress on Fair Deal.

Workshop 1: Pensions dashboards – how to get connection ready

Maurice Titley, PASA; Andrew Lowe, PASA; Richard Smith, Independent

- PASA will be issuing 'connection ready' guidance soon covering 5 pillars.
- Matching and possible data issues were discussed where email addresses aren't currently held on records. Is the data used to match correct?
- There was concern about National Insurance numbers not being a core search component, but PASA explained this information isn't on a shared database. There's a risk that items such as surname and postcode may be wrong on the member record. Funds are finding that members don't yet have NI numbers due to HRMC being behind on issuing them.

Workshop 2: Administrator relationships: The Pensions Regulator

Barry Coxon and Wendy Neller, The Pensions Regulator

- Members of TPR's Administrator Relationships Team explained how they were working with administrators across a range of schemes to understand the issues they face and consider ways that TPR can support and guide. Workshop attendees fed back their views.

Workshop 3: Technology in pension: a future vision for pension administration

Richard James, Civica; Des Hogan, Equiniti; Tim Carpenter, Heywood Pensions Technologies

- The use of technology, such as AI to explain benefit statements in real terms, or apps to allow for real time data and engagement, was discussed. AI can provide 24-hour customer service and data analysis and be used to detect fraud.
- Video-making software such as Synthesia can help turn text into video. Logic Dialogue is an AI based chatbot software which can be trained to answer questions on McCloud and ABS.
- From an employer's perspective, various software solutions are available, such as AI videos and chatbots to provide instructions on how to upload data or explain what information is required, systems to automate

calculations such as final pay by extracting information from payroll systems and apps that direct employers to the information they are looking for or a chatbot for training.

Workshop 4: Apprenticeships and qualifications in the LGPS

Lisa Clarkson, LGA; Nick Walker, Barnett Waddingham

- Lisa and Nick discussed work being undertaken on developing qualification routes.

Workshop 5: Helping you with the McCloud muddle

Rachel Abbey and Steven Moseley, Local Government Association

- Rachel and Steven discussed the support available for LGPS funds dealing with McCloud and some of the complexities of the calculations. They sought views from the group about how LGA can further support in this challenging area.

Session 3: Legal update

Gary Delderfield, Eversheds Sutherland (International) LLP

- Gary considered some recent legal cases including CAS-100315-L7P0 (where a member's illness only came to life after they had handed in their notice), CAS-49727-J9W0 (a disputed death grant case that showed the importance of following the rules when exercising a discretion) and CAS-29927-D2K7 (where a member complaint following pension liberation will not automatically result in reinstatement).
- Various "Hot off the Press" topics included the Economic Activities of Public Bodies (Oversees Matters) Bill, the Abolition of Lifetime Allowance and the new Finance Act 2024, and TPR's upcoming General Code of Practice.
- Other areas discussed included insolvent employers and guarantees, termination of DDAs and old funding agreements, payment of exit credits and discretionary processes, regulation 64A (review of employer contributions) and vegan compliant schemes ('ethical veganism' is now a protected belief under the Equality Act 2010).

Session 4: Cyber threats

Catherine Pearce, Aon

- Cyber threats to funds have increased from 3% in 2019 to 14% in 2023. Consequences included system failures, loss of data and BAU impact.
- Only 19% of funds have a specific cyber strategy in place. It's recommended that this should not be made publicly available online. Catherine outlined a 4-stage approach – Seek, Shield, Solve, Review.
- Incident response plans include business continuity and disaster recovery plans. They should be separate documents but link in and complement one another.

Session 5: Recruitment and retention update

Yunus Gajra, West Yorkshire Pension Fund

- Yunus outlined the recruitment issues faced by LGPS funds. These included public sector pay not being competitive, lack of career progression, pension systems being slow to adapt to change, work is complex and technical, not a career of choice for many people and competition from other schemes.

- WYPF have introduced a graduate programme, a new benchmarking process for salary and allowed staff to undertake further qualifications. More staff have been hired and retained, rather than left, this year.
- Other initiatives include social media and the LGA website to promote opportunities, contracts allowing individuals to work the majority of time at home (to attract individuals from outside the local area), and wider benefits being pushed.
- There needs to be a further review of jobs and grades (especially with regards to similar roles in the private sector), further work with schools, colleges, and universities and attendance at more job fairs.

Session 6: A surplus? What now...

Steve Law, Hymans Robertson

- Funding levels have gradually improved over the past 20 years with the LGPS finding itself in surplus on local funding bases as at the 2022 valuation. Since the valuation, funding levels at some funds and employers have increased further.
- Surpluses create challenges. Messaging to members, employers and elected members needs to be carefully managed to ensure a full understanding of what high funding means for each party.
- Employers may request contribution rate reviews. Careful consideration should be given to the Regulations, your fund's policies, SAB guidance and wider risks when deciding whether to grant a review.
- Persistently high funding levels can impact funding and investment strategies. There are pros and cons to reducing investment risk, reducing contribution levels, increasing prudence and retaining surpluses. Careful consideration should be given when deciding change to one or more of these.

Day 2

Session 7: SAB compliance and reporting committee workstream – annual report administration KPIs

Becky Clough, Local Government Association

- Becky highlighted the work being done by the SAB's Compliance and Reporting Committee to update the old CIPFA guidance on producing an annual report. The CIPFA guidance was last updated in 2019.
- A key part of the update is looking at KPIs. The idea is not to try to introduce league tables or turn the SAB into a regulator.
- There are no new administration KPI's added but work has been done to provide more consistency over how they are applied and clarity about how they are measured. There are also more developed KPIs in areas such as engagement, communications, staffing and data.

Session 8: Shared services

Jo Darbyshire, Local Pensions Partnership Administration (LPPA)

- Jo discussed the history and structure of LPPA. It has 18 Public Sector clients, 10 of whom are LGPS Funds.
- What are the benefits and risks of using shared services? Benefits include economies of scale (saving costs), sharing of development costs with other Clients, access to specialist resources and potential for improved cyber security. Risks include loss of control, need for resource at each client to manage the provider relationship, loss of individuality and brand, and potential for loss of a local presence.

Session 9: DLUHC update

Alan Wareham, DLUHC

- Good governance – the next step is to finalise the guidance and regulations and present these to the Minister, but there will be a further consultation. The of future LGPS Investments consultation was issued alongside the Autumn Statement.
- Further consultations expected in 2024 are annual report guidance, administration statutory guidance, FSS guidance (to be in place prior to the next English & Welsh valuations in 2025), survivors' benefits and forfeiture.
- Other priority areas include local audit, pensions dashboards, Fair Deal and academy consolidation.

Session 10: Communications

Debbie Sharp, South Yorkshire Pension Authority

- Debbie opened the session by discussing the complexities of people understanding information in different ways. The session was then broken down into three topics: member expectations, use of social media, and digital solutions vs traditional formats.
- On member expectations, Debbie stressed that not everyone has the same needs. Don't overload communications and instead be clear and comprehensive. Make sure they are accessible for all, so reduce the jargon used and write in plain English.
- On social media, Debbie posed several questions - how do we utilise social media platforms whilst being fully aware of the risks? Do you have the resources to service it? Will it be beneficial to your members?
- On digital vs traditional formats, think about what the members want. There'll still be a requirement for printed content but there is definitely a push towards digitalisation.

Session 11: Managing increasing workloads

Emma Mayall, Greater Manchester Pension Fund

- Emma mentioned the struggles of managing workload increases. The pandemic has changed the way of work, with administration moving to online portals and an increase in member demands. The demands have become wider eg revised pays, dashboards and policies such as incident response plans.
- Use feedback from scheme members to identify and make improvements. GMPF have taken this feedback, changed workflows and website pages, and created videos on how to use their site. The proof of life process is an example - members now have 4 options to complete this check.
- On managing employers, GMPF found that changing the submission deadline for payments to 1st of the month had helped, specifically with data being more accurate allowing members to do own estimates online. The amount of work has also reduced with the introduction of the TPR employer requirements.
- Emma provided examples of creating internal boards to discuss death benefits, transfers etc which allows staff to share knowledge, improve performance. This allows for a quicker resolution time.

Conference Close

Pat closed the conference with recollections of conferences past. Delegates thanked Pat for his many years of hard work making the South West Pension Managers Conference such a success. He was presented with a farewell gift.



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