

Current issues in the LGPS

August 2021



Consultation response - Special Severance Payments

On 2 July MHCLG launched a [consultation](#) on guidance designed to limit the payment by Best Value Authorities of Special Severance Payments (SSPs). These are defined as payments made on termination of employment that exceed statutory and contractual requirements. It is MHCLG's view that SSPs should only be paid in "truly exceptional circumstances". The closing date is 13 August - you can find our response to the consultation [here](#).

If you are planning on responding to this consultation, please feel free to use any of our content.

Taxing times for LGPS administrators

It's sobering to think we are over halfway through the year and Funds will be turning their attention yet again to the production of annual benefit statements and, for those that need them, annual allowance pension savings statements. A busy time for administrators and from speaking to many of you we know producing pension savings statements and dealing with the increasing demands from scheme members can be a challenge. In our [60 Second Summary](#) we highlight the ways in which we can support you in this area. Please get in touch with [Pete Riedel](#) or [Ian Colvin](#) if you would like to discuss support.

McCloud on the march

On 19 July the [Public Service Pensions and Judicial Offices Bill](#) began its passage through Parliament. The Bill is intended to bring about changes to the Judicial schemes and to introduce the framework under which the McCloud remedy will be applied across all public service schemes. Chapter 3 of Part 1 is relevant to the LGPS and, if enacted, would confirm the remedy period as being from 1 April 2014 to 31 March 2022 and allow for benefits for that period to be paid as final salary benefits, for those members in scope. The Bill has passed the first stage in the House of Lords and is due for a second reading on 7 September.

Amendment to Scheme Pays rules

HMT is [consulting](#) on changes that would extend the time limit for mandatory 'Scheme Pays' when a member retrospectively acquires an annual allowance tax charge. The change is designed to accommodate tax charges triggered by retrospective McCloud adjustments but is not restricted to McCloud cases. The draft legislation proposes that members would be able to use retrospective mandatory Scheme Pays to cover the last 6 tax years, which wouldn't cover the whole of the McCloud remedy period. There is also a proposal to amend the deadline by which the administrator must report and pay the charge to HMRC for all Scheme Pays cases, not just those triggered by a McCloud remedy.

Disclosing climate risk (TCFD)

Hot on the heels of the DWP's final regulations on mandatory TCFD reporting for private sector pension schemes, MHCLG is expecting to release its consultation on mandatory TCFD reporting for LGPS funds in October of this year. The requirements are expected to be similar to the DWP's final regulations, with funds required to report under the framework by the end of the 2022/23 financial year. To help guide you through these new regulations, read our [60 Second Summary](#) and listen to a recording of our recent '[Getting ready for TCFD](#)' webinar.

Increase to normal minimum pension age to go ahead

The Government recently published its [response](#) to the consultation on increasing the normal minimum pension age from 55 to 57. There are no real surprises and as expected the Government response confirms the increase in the NMPA from 2028. There will be a few transitional elements relating to protected pension ages that schemes, including the LGPS, will need to consider and whether changes are required to scheme rules. No doubt MHCLG and SPPA will confirm in due course.

Launch of the Occupational Pensions Stewardship Council

July saw the inaugural meeting of the [Occupational Pensions Stewardship Council](#), a new DWP initiative to promote and facilitate high standards of stewardship. At launch, a total of 28 pension schemes – responsible for more than £550 billion of assets – have signed up, with a strong focus on occupational pension schemes and LGPS pools. As the Council grows, it will provide a platform for sharing best practice and research, with the aim of increasing pension scheme involvement in stewardship activities such as shareholder resolutions, climate change reporting and corporate governance.

Extension of investment consultancy national framework

Due to the impact of COVID-19, the National LGPS Frameworks has agreed to extend the Investment Management Consultancy Services Framework by 12 months. The new expiry date is 31 October 2022. A 12-month extension has also been agreed for the Transition Management and Implementation Services Framework – the expiry date for this framework is 30 November 2022.

Taking ages over the State Pension age

The Parliamentary and Health Service Ombudsman has [concluded](#) that DWP maladministration (grounded in its failure to live up to expectations established by various governmental codes, charters and policies) resulted in a delay of at least 28 months in writing directly to women affected by changes to the State Pension age. The next stage of the investigation will consider the extent of the injustice and what action should be taken to address the issue. And, whilst on the subject of the Spa, the DWP has [responded to a petition](#) that is calling for the age to be lowered to 60. You won't be surprised to hear that the DWP is not keen on the idea, and suggests that 'reducing it to 60 is neither affordable nor fair to tax payers and future generations'.

Appendix

Consultation response - Special Severance Payments

[SSPSG.pdf \(lgpsboard.org\)](#)

<https://www.hymans.co.uk/insights/research-and-publications/publication/special-severance-payments/>

Taxing times for LGPS administrators

<https://www.hymans.co.uk/insights/research-and-publications/publication/the-generation-game-challenge-of-lgps-administration-annual-tax-activities/>

McCloud on the march

[Public Service Pensions and Judicial Offices Bill \[HL\] - Parliamentary Bills - UK Parliament](#)

Amendment to Scheme Pays rules

[Pension Scheme Pays reporting: information and notice deadlines - GOV.UK \(www.gov.uk\)](#)

Disclosing climate risk (TCFD)

[Government response to consultation on TFCF Regulations for pension schemes - Hymans Robertson](#)

[Getting ready for TCFD - Hymans Robertson](#)

Increase to normal minimum pension age to go ahead

[Increasing the normal minimum pension age: consultation response - GOV.UK \(www.gov.uk\)](#)

Launch of the Occupational Pensions Stewardship Council

[Occupational Pensions Stewardship Council - GOV.UK \(www.gov.uk\)](#)

Taking ages over the State Pension age

[Women's State Pension age communications inadequate, Ombudsman finds | Parliamentary and Health Service Ombudsman \(PHSO\)](#)

[Move the State Pension age back to 60 for both men & women - Petitions \(parliament.uk\)](#)