



Surrey Local Pension Board 12 November 2020

Recent developments in the LGPS

Recommendations:

1. This paper outlines recent developments that affect the LGPS.
2. The Board is asked to **note** the content of this report.

For Information:

3. This paper does **not** cover McCloud and the Exit Cap which are explored in more detail in other reports.
4. The Finance Act 2020 The Finance Act 2020 received royal assent on 22 July 2020, and it introduces;
 - the changes to the tapered annual allowance for the 2020/21 year that we summarised in the LGA's 2020 annual update bulletin, and
 - temporary relaxations to the protected pension age rules for those who return to work to help an employer respond to the COVID-19 pandemic.
5. The LGPS (Amendment) (No.2) Regulations 2020 came into force on 23 September 2020 and the LGA will provide a full update in due course. Work is underway to prepare two sets of guidance on the new employer exit flexibilities under regulation 58. One strand is a high-level addendum to the existing funding strategy statement guidance prepared by MHCLG, and it is expected to be the subject of a limited consultation in October. The other is a question and answer guide to the new flexibilities, with practical examples, produced by the Scheme Advisory Board.
6. MHCLG is trying to move to a position where the SF3s recorded in the statistical report are based on audited data; however, almost all returns are based on provisional data due to the challenging deadlines. It asked funds to send amended SF3s based on audited data if they vary significantly from the provisional data and they can be submitted by 25th September.

7. The Government Actuary has issued revised guidance on the following topics;
 - Application of a pension debit for divorced members – from 1 April 2014
 - Application of a pension debit for divorced members – before 1 April 2014
 - Pension sharing following divorce
 - Individual incoming & outgoing transfers
 - Trivial commutation.
8. The Pensions Ombudsman awarded over £40,000 for loss of “reasonably foreseeable” investment returns due to a delay in paying a transfer, and £2,000 for inconvenience and distress. This is a new development first seen in Mr T v TENCO and Mr S v Northampton and it is likely to form a template for similar cases. This is a wake-up call for funds with backlogs.
9. The Pensions Regulator plans to consolidate its 15 Codes of Practice into a single shorter code in late 2020 or early 2021.
10. The government has confirmed its intention to increase the minimum retirement age from 55 to 57 in 2028 except for those with retirement ages not tied to state pensionable age, such as firefighters, police and the armed forces.

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Sources/background papers: None

Annexes: None