

# Conference highlights

LGPS Pension Managers' Conference, Torquay (16-17 November 2021)



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Following last year's virtual event, the South West Pension Managers' Conference was back with a bang in Torquay. The event covered a range of administration focused LGPS issues, including a Pensions Ombudsman update, McCloud (of course!), the upcoming Pensions Dashboard, and the future of LGPS administration.

If there is something here which you would like to discuss further, please get in touch with your usual Hymans Robertson contact.

## Day 1 - Session 1: Keynote Speaker

### Anthony Arter, The Pensions Ombudsman (TPO)

- Anthony covered the impacts of Covid. Whilst TPO staff were already working from home, delays in obtaining information led to a build-up of cases. Processes are being refined to increase efficiency and most cases are now resolved informally.
- There has been an upward trend in cases generally with an increasing focus on cases concerning automatic enrolment, pension revision and scams (which tend to be particularly complex). LGPS complaints declined from around 300 cases in 2019/20 to around 100 in 2020/21. Ill-health remains the biggest cause of complaints.
- Anthony discussed the overpayment case of *Webber v Department of Education*. The court found that the scheme should only recover overpayment for the 6 years prior to the point that the member made an official complaint to TPO. As the Ombudsman highlighted, this could incentivise an overpaid member to drag out proceedings and so reduce the period for which they are liable to repay overpaid pension.
- Anthony also discussed the *Davison and Norton* cases, where TPO found the trustees of both schemes to be personally liable. By making the independent trustee a complainant, this meant that all affected members could be included in redress and not just those who had complained directly to TPO.
- (NB See session 8 later, also by TPO)

## Session 2: LGA Update

### Jeff Houston, Head of Pensions, LGA

- Jeff opened by telling conference of his plans to retire on 31 March next year - he will be missed!
- Jeff advised that the government is determined to press ahead with a manifesto commitment regarding Exit Caps but there is a recognition that the original HMT regulations were flawed and that there will be different solutions for different departments. He also highlighted the need for regulation in relation to equalising historic survivor pensions, sooner rather than later, in the interests of fairness.
- Data was a recurring theme; from Pensions Dashboard to McCloud, which was described as “complexity on top of complexity”. HMRC has agreed that lump sums paid late will not, after all, be unauthorised but it is unclear how far back this will apply retrospectively.
- Currently, the McCloud LGPS remedy only applies to members who were active on 1 April 2012. However, in the other public service schemes, it applies to members who were deferred on that date and re-joined without a disqualifying break. If the LGPS is brought into line with the other public service schemes then it would be better if funds already have the data they need, rather than having to go back to employers once again for data for another cohort of members. Given the volume of data work needed for Pensions Dashboard in any event, it may be prudent to take a broad view, and request this data now.

## Workshops:

### Pensions Dashboard – On Boarding: Jayne Wiberg, LGA

- Jayne covered the structure and set up on the Dashboard eco-system. Funds need to trust the eco-system and focus on the elements of the Dashboard that are within their control, namely the provision of accurate data.
- As the Dashboard project is moving through testing there is still a degree of uncertainty around what will need to be done, and when. The need to cleanse data should be included within business planning. Delegates appreciated the links between the need for good data for the Dashboard and to deal with McCloud requirements.
- Communication with members around the creation of the Dashboard, and queries as result of the Dashboard going live, should be on the agenda as further details of the project and timescales become clearer.

### Communicating and dealing with employers: Lorraine Bennett & Rachel Abbey, LGA

- The LGA is increasing its resource to provide more employer training, and sought feedback on their own services and website.
- Delegates were keen to have more bite sized and pre-recorded training for employers, together with a more user friendly and searchable website.
- Hot topics continue to be ill health and outsourcing.

**New ways of working: Ian Colvin, Hymans Robertson**

- The workshop considered how administration teams will need to evolve in order to be ready for the increasing challenges of the LGPS
- The groups considered the following questions:
  - How are the needs of LGPS members changing?
  - What would the ideal administrative service look like?
  - What steps can we make to move towards the ideal?
- Among the themes that emerged from discussions:
  - An expectation from members for immediate 24/7 access to information and instant turnaround times
  - Technology will be central but sometimes members will still want to talk to a person
  - The skills needed within admin teams are changing. In future there will be more roles for IT experts, data analysts, project managers and change management experts.
- Both workshops were positive about the future. A number of funds are already thinking strategically about how their administration function will develop over time to meet changing needs.

**The Administration challenge: Annemarie van Bochove Allen, Barnett Waddingham**

- Annemarie reiterated the juggling act and plate spinning which LGPS funds are having to contend with. She emphasised the need for good resources, IT, time, people and the necessary budget to do a good job. The workshop covered 3 areas:
  - Data Prep for the 2022 Valuation: Feedback focussed on hints and tips on getting ready for the demands of the valuation
  - McCloud discussions: Whilst there are no answers, the workshop attendees shared their experiences and the planning that was underway in the funds.
  - Training and staff issues across the funds: Feedback focussed on tangible actions to widen talent pools, recruiting the right skillsets, and developing LGPS knowledge through training,

## Session 3: Managing Change, Projects and Regulatory Implementation

**Janet Morville-Smith, James Clarke and Neil Lewins, Local Pensions Partnership Administration Ltd (LPPA)**

- James talked about LPPA's dedicated Business Change team who are tasked with planning, managing and delivering change across the organisation. They have a range of governance forums, covering both large- and small-scale business changes.
- James also highlighted LPPA's internal process where colleagues can put forward ideas that can be assessed and implemented quickly to immediately benefit the team, members, and employers.
- Janet discussed LPPA's approach to regulatory change, covering robust horizon scanning and responding to consultations in collaboration with clients to impact-assess and respond to the Regulator.

## Session 4: National Frameworks

### Jo Quarterman and Leon Thorpe, National LGPS Frameworks

- Jo gave a potted history of the National LGPS Frameworks highlighting the collaboration of funds to provide an effective, efficient, and compliant way to meet the specific procurement needs of the LGPS, whilst leveraging their market influence and collective buying power. Since 2012, 99% of LGPS funds have used the framework and 100% of investment pools have accessed one or more frameworks.
- Leon covered the benefits of the Frameworks, which reduce the procurement burden on funds by allowing a full procurement exercise to be run once by the Framework on behalf of funds; subsequent mini-competitions by funds amongst the successful Framework providers give quicker access to services as terms and conditions have been agreed beforehand.
- The Frameworks' success means continued growth. The new Pensions Administration Software Framework went live on April 2020 and proved popular despite lockdown. The Third-Party Administration Services Framework is currently being re-let and the Pensions Administration Operational Support Services Framework will be coming soon.
- Last but not least, Jo and Leon gave some top tips for successful procurement – plan ahead, be clear on what you really need, and ask appropriate questions of providers.

## Session 5: What's new on the tPR Single Code of Practice?

### Laura Caudwell, Aon

- Laura discussed the new module-based approach for the upcoming tPR single Code of Practice (expected to be in place by Summer 2022). This sets out both the legal and best practice expectations for pension schemes and adopts a modular approach.
- One of the main concerns is the term 'Governing Bodies'. It is not clear who exactly this is referring to and is the main clarification LGPS funds have been seeking.
- In terms of what is specifically new, maintenance of IT systems and cyber controls are the 'freshest' areas for funds to consider. A similar theme is the need to assess and manage risk.
- The updated module on transfers closely links with the new pension scams module. It is important that funds keep a close eye on these issues and the ongoing guidance provided, as scammers are continually changing their approaches. (See also session 6 below).
- Laura closed by saying that assessing the level of compliance could be a big job for funds if they aren't sure how compliant they are with current regulation. She also made a plea for continuity planning to remain high on funds' agendas.

## Day 2 - Session 6: Legal Update, LGPS Pension Scam cases review

### Alec Bennett, Eversheds Sutherland

- With £1.8m lost to scammers during Q1 of 2021, the topic of protecting savers continues to be at the top of the agenda. In 2017 a DWP consultation concluded that there should be a ban on cold calling, a limit on the statutory right to transfer, and more hurdles to registering a new pension scheme.
- Alec's update focussed on the rules around members' statutory right to transfer. New regulations will come into force on 30 November with two conditions needing to be satisfied or a member will lose their statutory right to transfer:
  1. Relates to low risk schemes where there is a guaranteed right to transfer, with pension funds able to ask for the relevant information to complete the transfer.
  2. Relates to transfers to all other funds, where defined Red or Amber flags play a part. The presence of either flag may result in the transfer only being completed where the member has evidence of advice being taken from the Money and Pensions Advice Service. TPR has issued further guidance.

Alec also covered the Pensions Ombudsman's approach in the recent decision on transfers; one month, rather than the previously indicated period of three months, is a more reasonable timeframe to implement change to processes following updates from tPR.

## Session 7: McCloud and more

### Con Hargrave, Department for Levelling Up, Housing and Communities

- Con started his presentation with the message that MHCLG to DLUHC is "more than a name change". He talked through the 4 objectives of levelling up e.g. spreading opportunities and improving public service.
- The McCloud legislation has an 'in force' date of 1 April 2023. There may need to be further consultation and regulations around related tax implications.
- Exit payment reform and likely TCFD disclosure requirements were discussed. Asset pooling also got a mention – the focus is on stronger governance, improved reporting, and greater transparency on performance.
- What else is on the radar? The GAD 2019 Section 13 report (end of this year) and Cost Control reform consultation (next year - SAB and GAD will be discussing how to apply this to LGPS). The Good Governance project, survivor benefits changes, and outstanding consultations on Fair Deal and 4 yearly valuations were also mentioned. Busy times ahead!

## Session 8: Working with the Pensions Ombudsman to improve dispute resolution

### Mairi Dearden, The Pensions Ombudsman

- Mairi advised that the two key themes in her presentation were engagement and clear communications.
- The benefit of using TPO's early resolution service was raised and can be used before a member gets to IDR stage. An independent arbitrator can often resolve issues when a fund and member clash.
- A TPO survey is coming soon, and a refurbishment of the TPO website.
- Top tips focussed on the importance of communication, with a plea to ensure that funds still talk with members and that communication is not only in written form. Other top tips included avoiding delays for members, accepting responsibility, and apologising when the fund is at fault (put yourself in place of the member).

### Chair's closing remarks

- In light of the topics raised at the conference, including McCloud, the Dashboard and change, Pat Luscombe urged funds to turn these challenges in to opportunities, using them to focus minds and budgets on the need for good quality, accessible and reliable data.