ITEM No …5………..

REPORT TO: PENSION SUB-COMMITTEE OF THE POLICY & RESOURCES COMMITTEE & PENSION BOARD – 12 DECEMBER 2022

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – QUARTERLY UPDATE TO 30 SEPTEMBER 2022

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 333-2022

1. PURPOSE OF REPORT

This report provides information on the recent quarter's operational performance in relation to Pension Administration.

2. RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications.

4. BACKGROUND

This report focusses on statutory performance and is subject to ongoing development to provide enhanced reporting functionality to improve the quality of information on administration performance and compliance.

5. SERVICE SUMMARY

5.1. Summary of Statutory Performance Requirements

The following table summarises the performance of the fund administration against statutory requirements:

Category	Received			Completed			Statute Days	Average Days			Cases beyond statute 30/9/22
	Current	Prior	% change	Current	Prior	% change		Current	Prior	% change	
New Member	1877	273	588%	1425	349	308%	60	30	30		
Estimate	166	212	-22%	204	128	59%	60	79	69	14%	24
Options	463	431	7%	432	331	31%	60	72	64	13%	42
Actual	269	221	22%	279	203	37%	60	19	19	0%	
TV In	29	35	-17%	27	19	42%	60	56	28	100%	
TV Out	174	128	36%	145	140	4%	90	46	44	5%	
Deferred	284	342	-17%	206	247	-17%	60	76	52	46%	63
Death	180	169	7%	187	147	27%	60	16	14	14%	
Death Grant	40	33	21%	35	27	30%	60	62	55	13%	
Dependant	62	58	7%	65	69	-6%	60	43	37	16%	
Divorce	15	12	25%	4	11	-64%	90	54	46	17%	
Total	3559	1914	86%	3009	1671	80%					129

The following provides further detail on statutory task data:

Overall Caseload:
Case volumes received were 86% above previous quarter, and the team were almost able to accommodate, there were however a small number of cases were out-with statute for estimates, deferred benefits and options at the end of the period. Whilst all efforts were made to accommodate the large case volumes received in the quarter, the team also had to complete the processing and reconciliation of employer end of year returns and generation and issue of Annual Benefit Statements. Whilst resources are prioritised, there are recruitment exercises are ongoing.

Covid Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
  The team continues to give priority to the payment of benefits in line with The Pensions Regulator (TPR) priorities. Over the period the following points are relevant:
  - An increase of 59% from last quarter was achieved for the completion of estimates
  - The team increased in their output of options cases by 31%
  - An increase of 37% of cases pension brought into payment was achieved

- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
  - Death Grant cases complexity continues to result in fluctuating processing times and number of cases completed.
  - An increase of 7% of deaths notified received over the period
  - An increase of 30% was achieved in relation to Death Grants payments

Other Statutory Tasks:

- **New Member Processing:** There was an increase in new starts in the quarter as a result of the completion of the 2021/22-year end processing, which saw employers issuing joiners paperwork for any members omitted during 2021/22. Hopefully with monthly returns, this will be avoided in future.
- **Estimates:** Cases received during the quarter increased by 22. With the introduction of the ability for members to process their own estimates via the Member Self Service Portal, these estimates are the more complex which cannot be processed via MSS but the member. As cases were outstanding at the end of the quarter, action will be taken to recover within the coming quarter.
- **Deferred Member Processing:** This team has had reduced resources available, which in turn has affected the completion of these cases. A new team member is now in place and this addition should result in an improvement of caseload completion during the next quarter.
- **Outbound Benefit Transfers**: As with deferred member processing, this area was also affected by staff vacancies in the team. We do note however that no cases fell out-with their statutory timeframe, even with an increase of 36% cases received.
- **Inbound Benefit Transfers**: A consistent caseload received volume was noted. Although processing times increased, the team achieved an increase in completed cases of 42%.
- **Divorces:** Case volumes received remained consistent form the last quarter.

5.2. Other Pension Operations

The following table summarises the other operations undertaken in addition to statutory requirements:

	Received			Completed			Average Days		
Category	Current	Prior	% change	Current	Prior	% change	Current	Prior	% change
Amendment to Account	340	441	-23%	413	493	-16%		40	
Certificates	198	34	482%	118	53	123%		64	
Other Admin Tasks	712	716	-1%	784	782	0		59	
Other pensions processing	1510	639	136%	515	485	6%		96	

5.3. Employer Contributions

During the quarter, there were 7 instances of late payment of monthly contributions (all from separate employers). A reminder has been issued to these employers, advising of statutory timeframes.

5.4. Employers and Member Online Portals

From July to September we saw 26 employers using the i-connect system to supply monthly figures for their contributions. This is unfortunately a reduction on last quarter (by 18 employers). There are employers who still are still finding issue with producing reports monthly. This is being addressed, and a deadline of January 2023 has been set and communicated for all employers to be fully operational on a monthly basis. The team continue to follow up with employers to offer support and assistance with this process where needed.

As at 30th September 2022 registration to the Member Self Service Portal has increased to 11582 from 10412 in the last quarter, an increase of 11.2%.

5.5. Call Centre

Inbound calls increased significantly in this quarter following the issue of Annual Benefit Statements. Calls answered totalled 3304, an increase of 384 calls from the last quarter. The average in this period was 36 calls per day. Over the period, a total of 583 hours was spent on incoming calls, this equates to 6.4 hours per day which is a major resource for the team, and this is being closely monitored.

Staff experience of the call centre has improved with the receipt of new headsets which have improved call quality. There are some continuing quality issues, and the team continue to work to resolve with IT, to ensure best provision of call quality is provided for both callers and team members.

5.6. Annual Benefits Statements

Active and Deferred Member Annual Benefit Statements are due to be issued to members by 31st August annually. This deadline was met with statements being issued both to members online Member Self Service Portal, but also in paper format, where requested. This is a significant area of work and resource has to be gathered from all team members over a period where recruitment, training and annual leave all impact available resourcing.

Summary of statements issued:

Deferred Members	9,592
Active Members	19,010
Deferred Councillors	11
Active Councillors	57

Prior to the issue of the statements an email or letter was issued to all non-registered Member Self Service Members to provide them with instructions on how to activate their MSS portal and also providing them with an election form to return if they wished the statement to be issued in paper format. When the statements were published to Member Self Service an email advising members was also issued.

5.7. Annual Allowance

During September the team commenced the preparatory work required to allow the calculation and upload of the annual allowance calculation to all active members records by 5th October 2022. This work cannot be completed until the annual benefits statements have been issued and following the reduction of annual allowances to £40,000 p.a., like the Annual Benefits Statements exercise, this is now an ever-increasing exercise, which requires significant resource. Details of cases, where notification was issued to those who had breached their annual allowance will be provided in the next quarter.

5.8. Prudential AVC

Disinvestment times remain consistent over the period, with funds being issued by Prudential within approximately 4 weeks after the disinvestment instruction is issued. During the period, the team were contacted by two members regarding their AVC plans. Both cases were referred back to Prudential for their review and action. We have subsequently heard back from both employees that both issues have been rectified.

5.9. Compliance

- **National Fraud Initiative:**

  - From the previous NFI exercise, an overpayment of pension (£3085.79) was received in July in respect of a member who had been identified and investigated.
  - The Office of the National Registrar (based in Edinburgh) are still updating archives at a national level. They have advised of completion by end of December. Following this, death certificates will be available for national cases out-with Dundee boundary, and this will assist in both normal operations, and investigations.
  - NFI 2022/23 has commenced with the request for data as at 30th September 2022.

- **GDPR:** During the quarter there were two recorded instances of a GDPR breach reported.

5.10. Recruitment

During the quarter, the Fund appointed the following staff:

- 1 x Assistant IT/Systems Process Analyst
- 2 x Pensions Assistants
- 1 x Clerical Assistant.

At the end of the quarter, the staffing levels remain below establishment, and essential recruitment continues into the next quarter for 4 Pensions Assistants, and a Clerical Assistant.

OTHER ACTIVITIES

5.11. Queries & Complaints

- 7388 emails were received into the generic email account in the quarter to 30th September 2022, this equates to approximately 81 emails per working day over the quarter. This does not reflect emails received direct into team members specific email accounts. This is an increase of 3039 emails from the last period. E mail tasks continue to be a significant work allocation to all Pensions Assistants within the Team. The Team advise that queries coming in via email can require a considerable amount of time and review of member records to ensure that a full reply is provided for the member.

- Complaints to Prudential: 2 x member complaints regarding service provision were escalated to Prudential for their review and action.

- Complaints to TPF: 1 x member complaint (upheld).

5.12. Staff Training

- **Online Pension Surgery – "The Stronger Nudge"**

In July 2022, the Local Government Association held an online surgery for practitioners in relation to requirements for scheme members to be strongly urged to obtain appropriate pensions guidance by the trustees and managers of their occupational pension schemes. The surgery was structured around questions from the participants, and feedback from the event has been very positive

- **Online System Training**

- New Starts - The recent new recruits to the team have been utilising the Online Training Tool. This has provided the ability to learn how to navigate the specialised pension administration system in a standardised, concise and methodical manner.
- Pension Aggregations - The aggregation of pension benefits is an increasingly complex area, requiring specialist training. During the quarter, two team members participated in a specialist aggregation online training course.
- With increasing size of Annual Allowance caseload, specialist training is required for more staff. One team member participated in an Online Annual Allowance Course. This enables additional specialist knowledge to be deployed to ensure that the complex annual allowance calculations and queries are dealt with within statutory timescales.

- **In House Training**

  - During the quarter, both face to face and MS Teams based training was provided to the new employees carrying out Clerical Assistant and Pensions Assistant roles.
  - Team members attended an MS Teams Fraud Awareness session hosted by the Corporate Fraud Team.

5.13. REGULATIONS

Details of regulatory matters are contained in Appendix 1.

6. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment (Ref: 447267151).

7. CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

8. BACKGROUND PAPERS

None.

ROBERT EMMOTT

EXECUTIVE DIRECTOR OF CORPORATE SERVICES **02 December 2022**

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Appendix 1

REGULATORY COMMUNICATIONS

The Scottish Scheme Advisory Board (SAB)

The Scheme Advisory Board (SAB) recently published the Annual Report 2020/21. The Report aims to provide a primary source of information about the Board's work over the last financial year (2020/21) for members, employers and other stakeholders. The Report also summarises the financial position of the Scottish funds and provides membership statistics. https://lgpsab.scot/annual-report-20-21/

Wider Landscape

- **HMRC Pension schemes newsletters**

On 30 June 2022, HMRC published pension schemes newsletter 140.

The newsletter includes articles:

- reminding schemes to migrate from the Pension schemes online service to the Managing pension schemes service
- on the expected release in spring 2023 of the event report for tax year 2023/24 on the Managing pension schemes service
- on a new reportable event from April 2023 for certain public service schemes. This will relate to issuing annual allowance statements. HMRC will consult on legislation introducing this new reportable event later this year
- reminding schemes that they can no longer compile and submit accounting for tax returns for any quarter from 1 April 2020 using the Pension schemes online service.

On 21st July 2022 Newsletter 141 was published

- covering the technical consultation on resolving the low earners tax relief anomaly
- clarifying how to migrate schemes from the Pension schemes online service to the Managing pension schemes service
- reminding schemes that they cannot compile and submit new Accounting for Tax returns for any quarter from 1 April 2020 onwards on the Pension schemes online service
- reminding schemes who need to submit an Accounting for Tax return for the quarter 1 April 2022 to 30 June 2022 that they will need to have migrated the scheme and submitted the return on the Managing pension schemes service by 14 August 2022 to avoid interest and penalties.

On 31 August 2022, HMRC published pension schemes newsletter 142. The newsletter includes articles:

- normal minimum pension age – updates to the pensions tax manual
- migrating your pension schemes
- Accounting for Tax returns – can no longer be completed for any quarter from 1 April 2020 using the pension schemes online service
- new scams strategy from The Pensions Regulator

- **LGPS Minister changes**

On 6th July 2022 Kemi Badenoch, Minister of State at the Department of Levelling Up, Housing and Communities resigned from the Government. It was announced that Paul Scully would take over this post.

On 20 September 2022, it was announced that Guy Opperman MP has been relieved of his duties as Pensions Minister. He was the UK's longest serving pensions minister, being in post for five years.

On 21 September 2022, the Government announced that Alex Burghart MP will take up the role of Pensions Minister.

- **Survivor Benefits Guide**

  A technical guide has been published by the LGPC to help administering authorities implement the changes to survivor benefits laid in the Local Government Pension Scheme (Scotland) (Miscellaneous Amendments) Regulations 2022.

  The changes are mainly in response to two court cases: Walker v Innospec and Mrs Goodwin v Department for Education. The changes place surviving same-sex civil partners, survivors of married same-sex couples and male survivors of female married members in a similar position to female survivors of male married members. The changes apply to deaths after 4 December 2005.

  The regulations also make several changes to confirm policy intent. The guide sets out the LGPC view on what membership administering authorities should use when calculating survivor pensions for membership before April 2015 for deaths after 4 December 2005.

- **Clarification received on annual allowance changes**

  The LGPS has now received clarification from HMRC on the changes to annual allowance rules. These include new requirements on administering authorities to recalculate annual allowance amounts for previous years in certain situations. Where the recalculation shows an annual allowance excess, the authority must issue a pension savings statement to the member. They must also tell HMRC about this on an event report. Administering Authorities must tell "HMRC within three months of the date they sent the statement to the member, or if later, by 31 January following the tax year to which the [event] report relates." This reflects regulation 3(9) of the Registered Pension Schemes (Provision of Information) Regulations 2006:

  > "an event report in respect of reportable event 22, in a case where regulation 14A(6A) or (6B) applies, must be delivered":
  > (a) within 3 months of the date of issue of the pension savings statement, or
  > (b) if later, on or before 31st January following the tax year to which the report relates.

  The LGPC has confirmed that it is their understanding is that "the tax year to which the report relates" refers to the tax year in which the authority issues the statement to the member. For example, an authority issues the statement on 1 October 2023 telling a member they exceeded the annual allowance in tax year 2019/20. The deadline under 3(9)(a) would be 31 December 2023. The deadline under 3(9)(b) would be 31 January 2025. However, we were unsure whether our understanding was correct as it would mean the deadline in 3(9)(a) could never apply. We sought clarification from HMRC.

  HMRC confirmed their understanding that in the above example the deadline would be 31 January 2025. They included an article clarifying the deadline in pension schemes newsletter 140. The LGPS also understand that HMRC will consider amending the regulations to remove the redundant deadline in 3(9)(a).

- **Technical consultation on resolving low earners tax relief anom**aly

  On 20 July 2022, HMRC launched a technical consultation on draft legislation that aims to resolve the tax relief anomaly. The consultation closed on 14 September 2022.

  The proposed changes will be included in the next Finance Bill. The tax relief anomaly affects pension scheme members who earn less than the personal allowance. Whether the member receives any tax relief on their pension contributions depends on the tax relief method used by their scheme.

The scheme will either use the ‘net pay arrangements’ or the ‘relief at source’ method.

Under the ‘net pay arrangements’, pension contributions are deducted before income tax is calculated. This means that tax relief is equal to the member’s marginal rate. For members whose income is below the personal allowance, the rate is zero per cent.

Under the ‘relief at source’ method, low earners do receive tax relief on their contributions. The LGPS uses the ‘net pay arrangements’.

The legislation proposes placing a duty on HMRC to make top up payments directly to eligible members. Eligible members are members who pay into a scheme that uses the ‘net pay arrangements’ and whose total taxable income is below the personal allowance. HMRC will identify and notify eligible members and invite them to provide the necessary details for the top up payment to be paid direct to their bank account. The duty will apply for the tax year 2024/25 onwards. The proposals follow an earlier call for evidence on resolving the anomaly from HM Treasury (HMT).

- **GAD**

On 29 June 2022, the Government Actuary’s Department published the results of the first cost cap valuation for LGPS (England and Wales) and LGPS (Scotland).

The cost cap was introduced by the Public Service Pensions Act 2013. The Act requires the setting of an employer cost cap rate against which changes in the cost are to be measured. If the cost changes and falls outside a two per cent corridor above / below the rate, action must be taken to bring the cost back to the rate.

The results of the first valuations show that the cost has remained within the two per cent corridor for both schemes. This means no changes to benefits or member contributions are needed.

The employer cost cap rate for LGPS (England and Wales) is 14.6%. The results for the valuation as at 31 March 2016 show that the cost is 1.2% below the cost cap rate.

The employer cost cap rate for L G P S (Scotland) is 15.2%. The results for the valuation as at 31 March 2017 show that the cost is 0.2%above the cost cap rate.

- **The Pensions Ombudsman**

On 14 July 2022, The Pensions Ombudsman (TPO) published its Annual Report and Accounts for 2021/22.

On 13 July 2022, the Work and Pensions Select Committee met and approved the Department for Work and Pensions’ (DWP) preferred candidate for the role of pensions ombudsman and Pension Protection Fund ombudsman. On 11 July 2022, DWP announced Dominic Harris as their preferred candidate. The appointment was subject to a pre-appointment hearing by the Work and Pensions Select Committee. Dominic Harris is a Partner in the Pensions Team at law firm CMS. He also serves as Chair of the Investment and Defined Contribution Committee of the Association of Pension Lawyers. If appointed, Dominic will replace Anthony Arter, who has held the role since May 2015.

On 31 August 2022, Dominic Harris was confirmed as the new Pensions Ombudsman (TPO). He will start his appointment from 16 January 2023. The current Pensions Ombudsman, Anthony Arter, will remain in post until 15 January 2023.

- **TPO McCloud factsheet published**

On 20 July 2022, TPO published a factsheet on McCloud. The factsheet sets out TPO’s views on what affected members and schemes can do now and TPO’s present approach to dealing with McCloud complaints. TPO’s general starting position is that it would not investigate McCloud complaints. This is because it acknowledges that the Government is taking steps to address the

discrimination with retrospective effect. TPO will, however, carefully look at the facts of each case before deciding whether to investigate. The factsheet sets out examples where TPO may decide to investigate a McCloud complaint now.
https://www.pensions-ombudsman.org.uk/publication/pensions-ombudsmans-tpo-approach-mccloud-and-sargeant-age-discrimination-complaints

- **Joint statement on transfer regulations**

  On 5 July 2022, TPR and the DWP issued a joint statement on the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

  The statement responds to concerns expressed about how the regulations are being applied. In particular, where overseas investments or small-scale incentives feature in the transfer. The concern is that the regulations are causing low-risk transfers to be blocked or delayed. The statement reminds pension schemes that it was not intended for the regulations to capture transfers that previously caused no concern.

  The DWP will consider the concerns when it net reviews the regulations. To also address the concerns, TPR has updated its guidance on the regulations. The guidance now confirms that the regulations do not prevent schemes making a non- statutory transfer where the regulations prohibit a statutory transfer.

  For example, where a red flag is present but the pension scam risk is low. Non-statutory transfers are transfers where the member is not entitled to the transfer under the Pension Schemes Act 1993. The pension scheme may for example rely on their scheme rules to pay it. In the LGPS, administering authorities may only pay transfers where the member is entitled to it under the Act. There is an exception to this where the member left before April 1998 with no entitlement to deferred benefits.

- **Pensions dashboards**

  On 7 July 2022, the Pensions Dashboards Programme (PDP) published a blog from Dave Tonge, Chief Technology Officer at Moneyhub. Moneyhub has been helping the PDP develop pensions dashboards.

  In the blog, Dave reflects on a key lesson from the alpha build phase, how multiple dashboards will help consumers and the importance of the upcoming beta testing phase.
  https://www.pensionsdashboardsprogramme.org.uk/2022/07/07/collaborating-to-show-people-their-pensions-on-apps-they-already-use/

- **Dashboard Accuracy Data Guidance**

  On 4 July 2022, the Pensions Administration Standards Association published the Dashboard Accuracy Data Guidance. The guidance highlights the importance of regularly testing data for accuracy. This is particularly important for data that pension schemes will use when matching requests from the dashboards. The guidance provides information on how schemes could test their data and what data sources they could use.
  https://www.pasa-uk.com/wp-content/uploads/2022/07/Dashboard-Accuracy-Data-Guidance-FINAL-270622.pdf

- **DWP responds to consultation on the draft pensions dashboards regulations**

  On 14 July 2022, the Department for Work and Pensions (DWP) responded to the consultation on the draft Pensions Dashboards Regulations. DWP has also published a summary of the key policies. The summary reflects the response to the consultation. DWP consulted on the regulations between 31 January 2022 and 13 March 2022.

  The key areas of the response that affect LGPS administering authorities are set out below. DWP will amend the draft regulations (‘the Regulations’) to reflect the response. DWP are expected to lay the Regulations before Parliament in autumn.

- **Staging deadline** - The staging deadline for the LGPS and all other public service pension schemes will be deferred from 30 April 2024 to 30 September 2024. Schemes will be expected to meet the required standards (connection, security and technical) by 30 September 2024. They must also, by that date, be able to respond to find requests, complete matching and provide administrative and signpost data on request. Administering authorities will need to be able to provide value data (accrued and projected values) by 1 April 2025. Though they can provide this earlier if they wish.

- **Provision of value data from an annual statement** - To accommodate fluctuations in the delivery of annual statements, value data will be derived from a statement provided to the member within the last 13 months. This is a change from the initially proposed 12 months.

- **Provision of value data for new members -** The draft Regulations specifically provide for giving administrative data to new members but were silent on providing value data. A new member is defined within the draft regulations as a member who seeks view data within three months of joining a scheme. The Regulations will be amended to cover value data for new members. The amendment will confirm that schemes should give value data to new members as soon as is practicable but no later than the earlier of:
  - the point at which the first statement is produced for that member, or
  - within 12 months of the end of the first scheme year in which the member joined the scheme.

- **Matching -** DWP will amend the regulations to clarify what schemes must do when they return a possible match. If a scheme is not confident that they can identify a match (because not all the matching criteria has been met), they should return a possible match. The intention is for schemes to provide a limited form of administrative data (such as the scheme's name and the administrator's details) with an error message. No personal details should be returned. The individual will then need to contact the scheme to find out if a full match can be made. If the individual:
  - does not then contact the scheme within 30 days, the scheme must delete the find request
  - does contact the scheme within 30 days and the scheme cannot resolve a match within a reasonable period (to be defined in matching guidance), the scheme must delete the find request
  - does contact the scheme within 30 days and the scheme concludes a match is made, the scheme must re-register the pension identifier (PeI) from a possible match to a 'match made'. The scheme must then return the value data in line with the proposed timescales

- **Management information and reporting -** The existing proposals set out what management information administering authorities must provide on request to the Money and Pensions Service (MaPS), the Pensions Regulator or the Financial Conduct Authority. This includes information on the number of find requests, the matching process, positive matches, possible matches, view requests, queries and complaints. The Regulations will be amended to include a provision for more granular information to be provided for audit purposes.

- **Providing LGPS AVC data -** The MaPS data standards, currently subject to consultation, propose for the scheme to decide whether to allow the AVC provider to return data in respect of an AVC plan. Alternatively, the scheme could gather the data from the AVC provider and present it alongside the scheme benefits. The consultation response states that, in practice, DWP expects the data will be made available to the dashboards by the AVC provider. However, scheme managers and trustees are still legally accountable for ensuring this happens and should work with their AVC provider(s) accordingly.

- **Annualised accrued value – impacting on LGPS AVCs -** To help individuals put into context and better understand their current defined contribution money pot, schemes will be required to provide annual income amounts as well as pot values. Amendments will be made to the F C A guidance to accommodate this provision.

- **Changing normal pension age to retirement date -** References to 'normal pension age' will change to 'retirement date'. The 'retirement date' will have the same meaning as that set out in regulation 19(5) of the Disclosure Regulations 2013. This is either a date specified by the member and agreed by the administrators, or a date agreed by the administrators where no acceptable date is specified. This is intended to give flexibility to those schemes who do not provide annual statements with reference to normal pension age. Also, it will be helpful to dashboard users who are above their normal pension age.

- **PDP launches consultation and call for input on standards and guidance**

On 19 July 2022, the Pensions Dashboards Programme (PDP) launched a consultation on dashboard standards and guidance, and a call for input on the design standards. Both the consultation and the call for input closed on 30 August 2022.Standards and guidance

The standards detail how pension schemes and dashboard providers operationally, technically or in practice must meet their dashboard duties. The following six standards are published for consultation:

- data standards
- operational standards
- reporting standards
- security standards
- service standards
- technical standards (this comprises of the technical standards, the API standards and technical overview guidance).

The guidance provides further requirements that pension schemes must have regard to when complying with their dashboard duties. The following three sets of statutory guidance have been published for consultation:

- connection guidance
- data usage guide
- early connection guidance.

- **Call for Input on design standards**

The PDP also launched a call for input on design standards. The design standards will provide information to dashboard providers, as well as data providers, about required layouts, content elements, messaging and user journeys, to ensure a consistently positive experience for users, regardless of which dashboard an individual chooses. PDP is running the call for input to get feedback and thoughts on their developing ideas for Qualifying Pensions Dashboards design standards from the pensions industry and consumer groups.

Following this call for input, a consultation on the final design standards will run for six weeks.

- **Support webinars**

To support respondents, the PDP hosted three webinars:
https://www.pensionsdashboardsprogramme.org.uk/standards/#webinars

- Introduction to standards and the consultation – 21 July 2022
- Connecting to the pensions dashboards ecosystem – 25 July 2022
- Operating within the pensions dashboards ecosystem – 26 July 2022.

- **Pensions Dashboard (Prohibition of Indemnification) Bill**

On 15 July 2022, Guy Opperman MP, Pensions Minister, confirmed that the Government will support the Pensions Dashboards (Prohibition of Indemnification) Bill. This confirmation was given during the Bill's Second Reading in the Commons.

The Bill is a private members' bill and is sponsored by Mary Robinson MP. Most types of private member bills have little chance of becoming law without the Government's support. The Bill will prohibit trustees and managers of occupational and personal pension schemes from being reimbursed out of scheme assets for any penalties imposed on them under the dashboard regulations.

The Bill will apply to England, Scotland and Wales. Also, officials at the Northern Ireland Executive have indicated that they would like the changes to apply to Northern Ireland. See the Bill's page on www.parliament.uk for more information. https://bills.parliament.uk/bills/3215

- **'Prepare, connect, comply…and then what?' webinar**

The PDP recently held a webinar with Heywood Pension Technologies. The webinar was called 'Prepare, connect, comply…and then what?' The PDP has published a summary of the main topics discussed. The summary also includes a link to the webinar recording. https://www.pensionsdashboardsprogramme.org.uk/2022/06/30/prepare-connect-comply-and-then-what-webinar/

The PDP has also published a video interview between Chris Curry, PDP's Principal, and Chris Connelly, Head of Propositions at Heywood Pensions Technologies. The interview explores their experience so far as an alpha participant.
https://www.pensionsdashboardsprogramme.org.uk/2022/07/12/heywood-pensions-technologies-alpha-participant-experience/

- **Webinar for potential dashboard providers**

Chris Curry, PDP Principal, recently hosted a webinar. The webinar provided updates for those interested in becoming a dashboard provider. The PDP also published a summary of the main topics relevant for dashboard providers. The summary included a link to the webinar recording https://www.pensionsdashboardsprogramme.org.uk/2022/06/30/becoming-a-dashboard-provider/

- **DWP confirms frozen refunds are out of scope for initial dashboards**

On 3 August 2022, the Department for Work and Pensions (DWP) confirmed that frozen refunds will be out of scope for initial dashboards because they are not considered to be member benefits. Joe Stacey from DWP went on to say:

"This does not mean they cannot be included at some point in the future but for now we've had to prioritise getting the regulations right for the benefits that are in scope. We'll keep this logged as an issue to look at again at the next suitable juncture. We want to legislate for schemes with fewer than 100 relevant members at some point, so there is bound to be further dashboards regulation in the not too distant future."

In response the LGPC expressed disappointment and informed DWP that they will keep them updated about any issues this creates for the LGPS when we first start receiving find requests.

- **Guidance on Value Data for pensions dashboards**

The Pensions Administration Standards Association (PASA) has published Guidance on Value Data for pensions dashboards. https://www.pasa-uk.com/wp-content/uploads/2022/08/Dashboards-Pensions-Values-Guidance-FINAL-2.pdf

PASA recognises that the regulations are yet to be finalised and that some uncertainty remains. The guidance includes a checklist of steps administrators can take now, despite these uncertainties.
These steps will help administrators to:

  - gain an understanding of what the Value Data requirements mean for their scheme
  - identify where gaps exist, what the options are for filling those gaps and whether they should wait to see DWP's final regulations before making a decision
  - decide if there is work they can do in advance of the designated staging date.

Public service pension schemes will have to provide Value Data to pensions dashboards by 1 April 2025, although they can supply it earlier if they choose to.
https://www.pasa-uk.com/pasa-pensions-dashboards-working-group-release-updated-dmc-guidance/

- **LGA response to PDP's consultation and call for input on standards and guidance**

A response to this consultation was issued on 31 August 2022. The Pensions Dashboards Programme (PDP) launched the consultation on 19 July 2022.

In their response, they call on PDP to:

- include a flow chart and checklist to assist pension schemes understand their responsibilities when they use a third-party Integrated Service Provider (ISP) to connect to the dashboard ecosystem
- make it mandatory for users to input their national insurance number in the find data
- be mindful that the LGPS has a different McCloud remedy to the unfunded public service schemes. Any McCloud warnings or wording will need to cover the unfunded schemes and the LGPS
- make it clear to users that frozen refunds are not included on pensions dashboards
- provide more information on how the complaints procedure will work.

They also expressed concern about the proposed timeframe of 30 days for connecting via a third-party connection because of the number of funds and other public service schemes that use the same pension software providers.

- **Transfer out documents updated**

On 21 July 2022, Jayne Wiberg of the LGA emailed administering authorities to let them know we have published version 2.2 of the Non-Club Transfers Out Technical Guide and version 1.2 of the transfers out QROPS addendum

On the same day, they also published version 2 of the Pensions Regulator's (TPR) transfer warning letter. This replaces TPR's COVID-19 transfer warning letter that was published in June 2020. It has been amended specifically for the LGPS.

- Non-Club Transfer Out guide changes – version 2.2

Amendments to the guide include:

- reflect that the TPR COVID-19 transfer warning letter is now the TPR transfer warning letter
- make clear that where a deferred member has deferred benefits in different LGPS funds, administering authorities must apply the Conditions for Transfer rules in aggregate to the deferred benefits. Administering authorities will need to work together to ensure that any additional information requested is only requested once. The same principle equally applies to pension credit members with more than one credit or members with more than one AVC fund
- note that where the administering authority decides a red or amber flag is present but a scam risk is low, the authority cannot choose to pay a non-statutory transfer. TPR has updated their guidance to reflect that this might be possible but only where the scheme rules allow. The payment of non-statutory transfers to a non-club scheme is not permitted from the LGPS, bar one exception in relation to deferred refunds
- confirm that members will not be able to search the MoneyHelper website to book a scams guidance session. Administering authorities should provide the link to the member.
- include more information on what administering authorities should do if they become aware of a pension scam together with reference to the new guide from TPR on reporting pension scams
- include a new paragraph within the Cash Transfer Sum (CTS) section titled 'Must any AVCs built up in the same employment as the deferred refund be transferred?'. The new paragraph confirms that where this is the case, the AVCs must be transferred at the same time as the CTS
- update the meaning of 'Independent' within the definition of 'Appropriate Independent Advice'
- reflect an update to TPR guidance concerning red flag five. Red flag five covers members being offered incentives to transfer. The TPR guidance says that where a particular

incentive is not included within the regulations, TPR expects an assessment whether the incentive is one that indicates a heightened scam risk.

- **TPR transfer warning letter – version 2.0**

TPR updated their COVID-19 transfer warning letter to be simply a 'transfer warning letter' that should accompany all transfers. The letter has been revised to remove references to COVID-19 and the fact that 'legislation gives the member a right to transfer'. The 'right to transfer' has been removed to reflect the changes brought about by the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

- **TPR publishes scam prevention strategy**

The Pensions Regulator (TPR) has published a new strategy to combat pension scams. The strategy sets out TPR's plan to combat pension scams. It will tackle the scourge of scammers by:

  - educating savers about the threat that scams present
  - encouraging higher standards and preventing practices that lead to saver
  - harm
  - fighting fraud through the prevention, disruption and punishment of criminality.

The strategy supports and complements the work of the Pension Scams Action Group (PSAG – formerly Project Bloom). The strategy sets out the importance of pension schemes protecting savers by being proactive in providing pension scams warnings, driving improvements in protection standards and reporting potential crimes to the authorities. https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2022-press-releases/scam-fighting-plan-unveiled-by-tpr

- **TPR warns employers about auto-enrolment duties**

On 26 September 2022, the Pensions Regulator (TPR) published a press release warning employer to ensure they are complying with their automatic enrolment duties.
https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2022-press-releases/common-errors-prompt-tpr-to-warn-employers-they-must-comply-with-pension-duties

The warning follows a series of in-depth compliance inspections with more than 20 large employers earlier this year. The employers are from the transport, hospitality, finance and retail sectors. TPR found several common errors in respect of calculating pension contributions and communications to staff.

- **Supreme Court decision concerning term time workers**

The Supreme Court has ruled in favour of a zero hours contract worker who works on a term-time only contract in a school. The case concerned how to calculate their holiday pay. It also has implications for workers who work varying hours during only certain weeks of the year but have a continuing contract.

The employer adopted a policy of adding 12.07 per cent to the worker's pay to cover their holiday pay entitlement. The Supreme Court ruled that it was wrong to do so. The holiday pay should instead have been based on the worker's pay for the relevant period, with any weeks of nil pay ignored. The relevant period in relation to this claim was 12 weeks. This has since been changed to 52 weeks.

LGPS Scheme employers may be reviewing their policy on calculating holiday pay for members in this category in light of this judgment. They may wish to seek specialist legal advice to establish whether to change their current practices and whether any backdated payments are due.

https://www.supremecourt.uk/cases/uksc-2019-0209.html

- **National LGPS Frameworks news bulletin**

National LGPS Frameworks has published the August 2022 edition of the National LGPS Frameworks news bulletin. The news bulletin includes important updates about:

  - the second iteration of the stewardship services framework that went live in May 2022
  - the new pensions administration operational support services framework that went live in May 2022

- the planned launch of the third iteration of the investment management consultancy services framework in November 2022
- the planned launch of the third iteration of the legal service framework in January 2023
- the nine live frameworks available to all LGPS administering authorities
- the importance of completing a contract award before the expiry date of the framework

- **Government launches Public Sector Fraud Authority**

The Government has launched the Public Sector Fraud Authority (PSFA) to tackle fraud committed against public funds.

The PSFA aims to modernise the Government's counter-fraud response. It will work with public bodies to test their fraud defences and help them build stronger safeguards.

The PSFA builds on the success of the National Fraud Initiative which detected and prevented more than £200 million of public sector pension fraud between 2020 and 2022.

- **Collective Money Purchase Schemes launched**

A new type of pension scheme officially opened for applications on 1 August 2022. Collective Money Purchase Schemes (also known as Collective Defined Contribution or CDC schemes) are designed to provide improved retirement returns for savers with more predictable costs for employers. The new schemes were made possible by the Pension Schemes Act 2021.

A transfer to a CDC scheme would satisfy the first condition for the purposes of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. TPR will publish a list of authorised CDC schemes. It is expected that Royal Mail will be the first organisation to launch a CDC scheme.

- **Broad comparability assessments resume in full later this year**

The Government Actuary's Department (GAD) announced on 22 September 2022 in a press release that it will resume broad comparability assessments in full this autumn. In August 2020, GAD paused the assessments due to uncertainties from the McCloud judgment. Earlier this year, GAD partially resumed assessments. These assessments were for service from April 2022 only.

- **High Court dismisses challenge against RPI reform**

The High Court dismissed the judicial review claim brought by the British Telecom, Ford and Marks & Spencer pension schemes. This followed the UK Statistics Authority's decision to align the Retail Price Index (RPI) with a housing cost-based version of the Consumer Price Index from 2030.