

# Pension Fund Committee

## 10 March 2022

### Pensions Administration

Choose an item.

**Portfolio Holder:** Choose an item.

**Local Councillor(s):** All Councillors

**Executive Director:** Aidan Dunn, Executive Director, Corporate Development

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**Report Status:** Public

#### **Recommendation:**

It is recommended that the Committee note and comment on the contents of the report and approve the proposed appointment of a remunerated Chair for the Local Pensions Board. Approval will also be needed by the Pensions Board.

#### **Reason for Recommendation:**

To update the Committee on aspects of Pensions Administration

## **1 Executive Summary**

This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund. It contains updates on the following:

- Key Performance Indicators
- Systems Implementation Update
- Pensions Dashboard Programme
- Employer Update
- New Restrictions on Transfers
- Finance (No.2) Bill 2021/22
- Position of Chair of the Local Pensions Board
- Analysis of LGPS mortality during the COVOD-19 pandemic

- Review – Dorset Administration Strategy
- Confirmation of indexation and revaluation in public service pension schemes

## **2 Financial Implications**

N/A

## **3 Well-being and Health Implications**

None

## **4 Climate implications**

None

## **5 Other Implications**

N/A

## **6 Risk Assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: N/A

Residual Risk: N/A

## **7 Equalities Impact Assessment**

N/A

## **8 Appendices**

- [Appendix 1 – KPIs \(October 2021 to January 2022\)](#)
- [Appendix 2 – Analysis of LGPS mortality during the COVID-19 pandemic](#)
- [Appendix 3 – Review - Dorset Administration Strategy](#)

## **9 Background papers**

- [LGPS Regulations 2013](#)
- [Response to Pension Scams: empowering trustees and protecting members](#)

- [The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#)
- [TPR guidance on dealing with transfer requests.](#)
- [Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022 - GOV.UK \(www.gov.uk\)](#)
- [PLSA publishes 'Pensions Dashboards A-Z' to guide industry to decisions required for initial dashboards | Pensions and Lifetime Savings Association](#)
- [Public Service Pension Scheme Indexation and Revaluation - Hansard - UK Parliament](#)

## **10 Background**

10.1 This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund.

## **11 Key Performance Indicators**

11.1 The key performance indicators are attached at Appendix 1. These are for the period 1 October 2021 to 31 January 2022, a four-month period as opposed to the normal three months.

11.2 There continues to be a period of adjustment and catch up regarding KPIs. I anticipate that this will take some months to resolve and settle.

## **12 Systems Implementation Update**

12.1 We continue to make good progress in terms of the new system and its continued development. A number of issues, some potentially serious, have been raised directly with Civica. This has resulted in some positive moves to ensure issues are addressed as soon as possible. There remains still a lot of work to do to get to the position with the system that we wish to be in. It's scope and potential are evident, and the long-term gains of this move are already clear to see.

12.2 Civica have been down to see us on a two-day site visit, and this has had huge benefits to the team, with a lot being achieved during this time in terms of mutual understanding and training. Another visit is also planned, as are further training sessions in key areas.

12.3 Further developments to assist employers in distributing work their end and in viewing uploaded forms have been made to the employer portal, and these have been welcomed by employers,

12.4 Some concern remains about the end of year processes and our ability to ensure correct valuation data. We are working with Civica to test our data extracts and the validity of outputs.

### 13 Pensions Dashboard Programme

- 13.1 In the 2016 budget, the Government made a commitment that Pensions Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together. In 2019, the Money and Pensions Service (MaPS) established the Pensions Dashboard Programme (PDP) to design and implement the infrastructure that will make Pensions Dashboard work.
- 13.2 The Pensions Scheme Act 2021 provides a legal framework for Pensions dashboards, including new powers to compel schemes to provide information to dashboard providers, these regulations set out the detailed requirements of what must be provided, when and how.
- 13.3 On 31 January 2023, the [Department for Work and Pensions published their consultation on their draft Pensions Dashboard Regulations](#). The consultation closes on 13 March 2022.
- 13.4 On 16 December 2021, the Pensions and Lifetime Savings Association published an [A to Z Industry Guide](#) which looks at a wide range of areas including savers understanding, digital architecture, GDPR compliance, timeline and data compliance.
- 13.5 It is expected that the LGPS will go live in July 2023 during the first wave of onboarding which starts in April 2023. We are currently working with our software supplier to discuss their proposed solutions that will enable the fund to handle dashboard requirements. There are early concerns over data security, GDPR responsibilities, matching requirements and dashboard-readiness of our data. There will be a lot of further discussion on the dashboard over the coming months and an inevitable additional resource requirement for the administration service both in terms of preparation and once live.

### 14 Employer Update

- 14.1 Below is an update on recent employer movements within the Fund. The last update was provided in June 2021, so the details below are changes since that date.

New admitted bodies (and in progress)		
Name	Date admitted	Service
HPS Services FM Ltd	01/09/2021	Cleaning (Bovington Academy)
Tricuro Limited	01/01/2022	Adult Social Care In-House Reablement Services (START)
KGB Cleaning South West Ltd	21/02/2022	Cleaning (Talbot Primary School)
Sansum Solutions Group Ltd	01/01/2022	Cleaning (St Michael's School)
Family Action	01/02/2022	Dorset Special Educational Needs and Disabilities, Information, Advice and Support Service (SENDIASS)

Cessations	
Name	Date Ceased
Ansbury	30/11/2021
Bournemouth Transport	28/09/2021

## 15 New restrictions on Transfers

- 15.1 On 8 November 2021 the Government published its [Response to Pension Scams: empowering trustees and protecting members](#) consultation. On the same date [The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) (SI 2021/1237) were laid and the Pensions regulator published [TPR guidance on dealing with transfer requests](#).
- 15.2 The regulations took effect from 30 November 2021 and introduced further legal restrictions on a member's statutory right to transfer. The regulations give administering authorities tools to act if they have suspicions about the circumstances that have led the member to request a transfer. Certain transfers, for example those to public service schemes, can continue without further checks. For transfers to other schemes, a process of new checks is now in place. We now have the ability to pause a transfer, where concerns have been flagged, until the member can provide evidence that they have received pension scams guidance from [Moneyhelper](#).
- 15.3 Our processes and communications have been amended accordingly.

## 16 Finance (no.2) Bill 2021/22

- 16.1 On 2 November 2021 HM Treasury formally introduced the Finance (No.2) Bill 2021/22 to Parliament. You can follow the [progress of the Finance \(No.2\) Bill 2021/22](#) on the UK Parliament website. The Bill includes a number of provisions that may affect the administration of the LGPS and is currently in draft form.
- 16.2 **Changes to annual allowance scheme pays deadline** – the period within which some members must give notice of their election will be extended, and a change will also be made to the deadline for administrators to provide information on these tax charges.
- 16.3 **Increase in normal minimum pensions age** – clause 10 introduces an increase in the normal minimum pension age (NMPA) to age 57 from 6 April 2028. Members of uniformed services pension schemes are exempt from this change.
- 16.4 Members of registered pension schemes who had a right to take their entitlement to a benefit under their scheme rules before age 57 will have a protected pension age. This is though reliant on the Secretary of State, as the responsible authority for the LGPS, making the changes needed to the scheme rules to implement the protected pensions age, this has not yet been confirmed.

16.5 **Tax impacts resulting from the McCloud remedy** – clause 11 provides HMT with the power to make regulations to address tax impacts that arise because of implementing the McCloud remedy.

## **17 Position of Chair for the Local Pensions Board (LPB)**

17.1 Paul Kent, the Chair of the Local pensions Board for the Dorset County Pension Fund (DCPF), has confirmed to us that he is looking to stand down from this position after the next meeting of the LPB in March.

17.2 Paul has been a huge asset to the Board and has been an excellent and supportive Chair. Paul brought to the Board his past experience of County Treasurer for Dorset County Council, as it was then. There is no doubt that his experience, knowledge, and contribution will be very much missed.

17.3 On reflection of this and looking to the future with the many challenges faced, I would like to propose that the DCPF now move to appointing a remunerated paid Chair. This would bring us in line with many other authorities, as this now seems to be the preferred option. This would assist and support the governance of the DCPF and the service as a whole.

17.4 Approval is requested to support this proposal from both the committee and Pension Board.

## **18 Analysis of LGPS mortality during the COVID-19 pandemic**

18.1 Barnett Waddingham have provided the fund with a report giving a detailed analysis of mortality during the COVID-19 pandemic, this is attached at Appendix 2.

18.2 The report gives a useful insight into such an unprecedented event, and looks at how different genders, age groups and pensioner number types have been affected in the Dorset Fund together with any potential impact on pension costs. The report covers pensioner data only and looks at the period 01 February 2020 to 31 March 2021 and uses data from 1 April 2019 for comparison.

18.3 Key findings of the report are:

- Male members exhibited a significantly higher mortality rate than female pensioners
- There is no clear trend in mortality experience by pension amount
- There was a higher than expected mortality across all pensioner age bands, with excess deaths in the 80-85 age band
- There will be some reduction in pension liabilities for the period 1 February 2020 to 31 March 2021

## **19 Review of the Dorset Administration Strategy**

- 19.1 The DCPF commissioned Hymans Robertson to conduct a review of our current Administration Strategy. This is attached at Appendix 3.
- 19.2 The report was very positive about the Administration Strategy content and was able to recommend changes to take account of some new challenges and requirements. There will now be a review of the existing policy to take account of these findings.

## **20 Confirmation of indexation and revaluation in public service pension schemes**

- 20.1 On 20 January 2022, the Government made [a written statement on indexation and revaluation in public service pension schemes](#) and published the 2022 pensions increase (PI) multiplier tables.
- 20.2 This confirms that public service pensions will increase by 3.1% on 11 April 2022, except for pensions that have been in payment for less than a year where a pro rata rate will apply.
- 20.3 This also confirms that active CARE accounts in the LGPS will also increase by 3.1% from 1 April 2022. The revaluation rate for other public service schemes will vary.

### **Footnote:**

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.