

Current Issues**1 Post 2014 Deferred Refund, member left more than five years ago**

The National Technical Group has contacted the Scheme Advisory Board (SAB) to request a change in the LGPS Regulations 2013 to remove the requirement for a refund to be paid within five years. Unless and until such a change is made, the rules apply as they stand.

2 Pension Dashboards

The DWP consultation on the introduction of pension dashboards closed on 28 January 2019. The government published its response to the consultation on 4 April 2019. You can find the consultation documents, the Local Government Association (LGA) response and the government response to the consultation on:

- The non-scheme consultations page of www.lgpsregs.org
- The non-scheme consultations page of www.scotlgpsregs.org

Key details of the government's plans include:

- Legislation to compel pension providers to make consumers' data available on the dashboard
- Staged on-boarding of schemes with the majority of schemes participating within 3 to 4 years
- The inclusion of state pension data
- A commitment to multiple dashboards, with a non-commercial dashboard being overseen by the Money and Pensions Service (previously the Single Financial Guidance Body)

3 Fair Deal consultation

The Government's consultation on Fair Deal provisions in the LGPS closed on 4 April. Proposals include the introduction of a definition of 'Fair Deal employers' and 'protected transferees' who will retain the right to participate in the LGPS for as long as they are wholly or mainly employed on the outsourced service. Outsourcing employers would also be permitted to be a 'deemed employer' instead of contractors being required to have an admission agreement. As expected, the broadly comparable route will no longer be available. The consultation also includes proposals for the automatic transfer of LGPS assets and liabilities following a merger or takeover involving scheme employers.

4 Actuarial Factors

New actuarial factors for Additional Pension Ministry of Housing, Communities and Local Government (MHCLG) has issued revised factors for additional pension.

5 Revised Club memorandum published – effective from 1 April 2019

In March 2019 a revised version of the Club Memorandum, including new Club transfer factors, was published.

MHCLG will update the actuarial factor spreadsheet for England and Wales to include the new Club factors. The update will also include a revision to the CRA factors. The new Club memorandum is effective from 1 April 2019.

6 Consultation on Late Retirement

MHCLG has issued a technical consultation on the implementation of new late retirement factors proposed from 1 May 2019. MHCLG does not normally consult on actuarial guidance but have done so in this instance due to the significant change to the methodology being proposed. The consultation closed on 17 April.

7 Consultation on restricting exit payments

HM Treasury have opened a 12 week consultation called 'Restricting exit payments in the public sector: consultation on implementation of regulations'. The consultation documents can viewed on the [non-scheme consultation](#) page of www.lgpsregs.org. The consultation closes on 3 July 2019.

8. Consultation: Local valuation cycle and the management of employer risk

On 8 May 2019 MHCLG issued a 12 week policy consultation called 'LGPS: Changes to the local valuation cycle and the management of employer risk'.

The consultation closes on 31 July 2019 and covers the following areas:

- amendments to the local fund valuations from the current 3 year (triennial) to a 4-year (quadrennial) cycle
- a number of measures aimed at mitigating the risks of moving from a triennial to a quadrennial cycle
- proposals for flexibility on exit payments
- proposals for further policy changes to exit credits
- proposals for changes to the employers required to offer local government pension scheme membership

Regarding the change to exit credit payments, given that the consultation

proposes backdating the change, LGA are of the view that it would be legitimate to delay payment of an exit credit (where a side agreement was in place) pending the consultation outcome.

You are encouraged to respond to respond to the consultation before the deadline. The consultation documents are available on the scheme consultations page of www.lgpsregs.org

9. Scheme Advisory Board (SAB) 2018 annual report

The 2018 annual report has recently been published by the Scheme Advisory Board.

The aim of the annual report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. It aggregates information supplied in the 89 fund annual reports, as at 31 March 2018.

Key highlights:

- The total membership of the LGPS grew by 197,000 (3.4%) to 5.8m members in 2018 from 5.6m in 2017
- The total assets of the LGPS increased to £275bn (a change of 5%). These assets were invested in pooled investment vehicles (54%), public equities (29%), bonds (7%), direct property (3%), as well as other asset classes (7%)
- The local authority return on investment over 2017/2018 was 4.4%. This was reflective of the market conditions during the year and set against the UK Return of 0.2%
- The Scheme maintained a positive cash-flow position overall. Scheme income was higher than total scheme outgoings by £500m; this is including investment income
- Over 1.7m pensioners were paid over the year.

The full report can be viewed on the Scheme Advisory Board website.

10. McCloud and valuation guidance

LGA bulletin 181 published in February 2019 reported that administering authorities had been asked to inform SAB about their preference concerning the approach to the 2019 valuation. Specifically, whether they would prefer to receive guidance from SAB on how McCloud / cost management should be taken account in the 2019 valuation, or if they would prefer to determine their own approach taking advice from their actuarial adviser.

The majority of funds expressed a preference to receive central guidance which was issued on 14 May 2019.

CIPFA have provided a separate note on accounting for McCloud / cost management.

Action for administering authorities

The SAB advice note sets out their proposed approach in five key points. Administering authorities are encouraged to discuss this approach, together with the CIPFA guidance note, with their actuaries.