

Current Issues

MHCLG letter about new requirement for exit payment data

MHCLG wrote to chief financial officers of councils and combined authorities in England on 9 April 2021, letting them know about a new requirement to provide data on exit payments.

Councils will be asked to provide data on all redundancy payments, pension strain payments and other special payments made in consequence of an exit for 2014/15 to 2020/21 by the end of May 2021. We expect that a similar request will be made for subsequent years.

The data will be used to inform delivery of the Government's policy to end excessively high exit payments in the public sector.

The letter included a draft specification and invited comments by 26 April 2021 on the clarity of the data requirements and the practicality of providing this.

We have been working with the Scheme Advisory Board's secretariat to respond to concerns about confidentiality, clarity and timing of the final request (expected sometime in May 2021).

TPR addresses concerns about new criminal offences powers

On 19 April 2021, David Fairs from TPR published a blog addressing concerns raised about TPR's new criminal offences powers.

The Pension Schemes Act 2021 includes two new criminal offences, which are expected to come into force in autumn 2021. The offences cover avoiding employer pension debts and risking savers' pensions. TPR has recently consulted on their policy setting out their approach to the investigation and prosecution of these new powers (see Bulletin 208).

Many industry commentators have raised concerns about the reach of the new powers. Some have speculated that the new powers could lead to competent trustees resigning in fear of inadvertently committing an offence.

David Fairs confirms in the blog that TPR will not overstretch the intent and purpose behind the new powers.

LGPC responds to NMPA consultation

On 19 April 2021, the Local Government Pension Committee (LGPC) responded to the consultation on increasing the normal minimum pension age (NMPA).

HM Treasury consulted on increasing the NMPA. The consultation reconfirmed an earlier decision to increase the NMPA from 55 to 57 from 6 April 2028. The consultation also sought views on proposals to implement the increase.

You can read the LGPC response on –

- the non-scheme consultations page of www.lgpsregs.org

PSIG publishes new version of Code of Good Practice

The Pensions Scams Industry Group (PSIG) has published version 2.2 of its 'Code of Good Practice on Combating Pension Scams'.

The new version is effective from 1 April 2021 and is updated to improve usability and to reflect recent regulatory changes as well as the evolving nature of pension scams. The code includes a section outlining the key changes.

PDP issues ITT for dashboard digital architecture

On 13 April 2021, the Pensions Dashboards Programme (PDP) issued an invitation to tender (ITT) for a supplier to provide the digital architecture for pension dashboards.

The chosen supplier will provide the main parts of the digital architecture. This will include the pension finder service, the consent and authorisation service and the governance register.

Prudential announce update to their brand

Prudential has announced that they will be updating their brand with a fresh new look and feel (including a new logo). This will include updating their websites, social media, brochures, letters and emails.

Prudential will roll out the updates to their communications gradually from mid-May 2021. So, you may receive information from them in the old and new brand over the next 12 months.

Prudential has said that the brand update will have no impact on either their contact details or login details to their online services.

Prudential has set up a webpage about their brand update giving more information.

Supreme Court refuses to hear claim against SPA changes

The Supreme Court has recently confirmed that it will not hear the claim against the State Pension age (SPA) changes. The claim was supported by the campaign group, Backto60.

In the claim, Backto60 argued that the increase in the SPA affecting women born in the 1950s was discriminatory and that government did not give the women enough notice. Both the High Court and Court of Appeal had previously dismissed the claim.

Panels and Independent Financial Advisers guidance

On 18 March 2021, the Pensions Ombudsman (TPO) published its Panels and Independent Financial Advisers guidance.

Historically, pension scheme administrators, trustees and employers have expressed concern about the scope of their responsibilities in providing financial advice to members and have hesitated in recommending or facilitating access to particular financial advisers. TPO's guidance on this topic sets out its approach to the provision of factual information in respect of independent financial advisers.

Anthony Arter, Pensions Ombudsman said: "In these complex and challenging times, it is important that scheme members know where to turn for help when they are considering their pension options and/or are planning for their retirement. Obtaining independent financial advice is not always easy for members of pension schemes. Pension schemes have difficult decisions to make when they disseminate complex information. I am often asked for my views where a scheme ponders establishing a panel of independent financial advisers. My office has set out some information to assist schemes and their members, which I hope will be helpful."

At the meeting of the National LGPS Technical Group on 5 March 2021, the group discussed the possibility of administering authorities having access to a panel of independent financial advisers (see item 19 of the minutes). The group has asked the Scheme Advisory Board (SAB) in England and Wales to consider this matter.

Discussions are currently underway between the SAB and the National LGPS11 Frameworks, on the feasibility of an Independent Financial Advice framework. This would be for providers who are willing to undergo LGPS specific training.

New code of practice consultation

On 17 March 2021, TPR launched its New Code of Practice consultation. The consultation closes on 26 May 2021.

The draft new code consolidates (with updates and amendments) most of the existing codes of practice (including the public service code of practice 14) into a new online code providing a single up-to-date and consistent source of information.

The other codes will be consolidated into the single code at a later date, subject to further consultation.

TPR will also be carrying out a series of engagement activities to provide more details about the new code and hear views from industry experts, including a virtual workshop at the end of April 2021.

We will be responding to the consultation in due course and will share our response in advance of the closing date.

Pension funds to step up reporting to stop scammers

On 25 March 2021, TPR called on the pensions industry to raise the alarm over suspected scams, following a concerning long-term drop in reporting.

Data from the national fraud and cybercrime reporting centre, Action Fraud, shows a steady fall in pension scam reports from 1,788 in 2014 to 358 in 2020, an almost 80 per cent reduction.

While there has been a slight rise in reporting so far in 2021, TPR is calling on the industry to be on high alert for criminal or suspicious activity and to sign up to its Pledge campaign to help combat pension scams.

On 20 April 2021, Action Fraud launched a national awareness campaign to remind the public about the importance of doing their research before making changes to their pension, including a warning to remain vigilant against pension scams.

The press release announcing the launch contains some simple steps for members to protect themselves against scams and advice on what to do if they suspect a scam.

Budget 2021

The Chancellor, Rishi Sunak, delivered the Budget on 3 March 2021. The main areas affecting pensions are mentioned below:

Lifetime allowance frozen until 2026

The lifetime allowance is frozen at £1,073,100 until the end of the 2025/26 tax year. As the allowance is not reducing, the Government has confirmed there is no need for transitional protection.

No response on Pensions Tax Administration Call for Evidence

There was no response to the Pensions Tax Administration Call for Evidence. During the summer of 2020, the Government sought views on how different methods of tax relief operated by pension schemes affect the take-home pay of low earning individuals.

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