

Dorset County Pension Fund

Pension Liaison Officer Group meeting

Minutes



13 October 2022
Microsoft Teams online
10:00am start

1. Welcome and apologies
 - 1.1. Karen Gibson welcomed all to the meeting and especially those who have joined for the first time. She asked for any feedback on the meeting, as this would be very welcome and useful, as would suggestions for any topics to be included in future meetings.
2. [Minutes of last meeting](#)
 - 2.1. Minutes agreed
3. Matters arising from the minutes
 - 3.1. Point 8.1.1 Discussions with the Prudential continue on a national level. Fortunately, the DCPF have seen improvement in the service provided by them. However please could employers let the fund know if you are experiencing any issues or concerns you wish raised.
4. Systems Update
 - 4.1. The total number of queries the Systems Team raised with employers regarding their End of Year submissions were 509, of which two remain outstanding.
 - 4.2. Steph Ball reminded employers to action any processes assigned in the portal. There are also several processes still outstanding from the day-to-day processing.
 - 4.3. Deferred and Active members Annual Benefit Illustration were extracted and dispatched by the regulation deadline of 31.08.2022. Members are also able to access their illustration via My Pension, the member's portal. Following the mailing there were 244 Annual Benefit Illustration queries from members.
 - 4.4. The Triannual Valuation data was extracted from the system, and errors cleared in line with the fund Actuaries deadline.
 - 4.5. My Pension, the member portal has had some significant improvements in the last 6 weeks, please encourage your LGPS members to utilise this tool.
 - 4.6. A revised leaver form for employees is currently in development and will be available in the employer portal shortly. This can be used for members who have received a payment after date of leaving, such as following a pay award, as well as corrections to a formally submitted form..
 - 4.7. An email notification to advise that processes have been assigned in the employer portal to individual word feeds is currently being addressed by our software provider. Currently email reminders are only sent when processes are sent to the group tray.
5. Data quality scores
 - 5.1. The Data Quality Checks have been performed for The Pensions Regulator (TPR) scores. The report has been produced for the Pension Board and other stakeholders.
 - 5.2. During the process we highlighted many issues which were raised with our software provider and the scores may change before we report to the TPR.
 - 5.3. The data improvement plan has been created for 2022/23 to ensure all data migration issues are mitigated in a timely manner
 - 5.4. Karen Gibson reiterated the importance of good data and thanked the employers for providing this data. Although the scores are important the data is essential to provide an excellent pension provision for members.
 - 5.5. Good feedback from ABIs has been received which is important as it's the sole communication regarding pension many people receive from the fund annually.

6. Annual Allowance (AA) 2022 update

- 6.1. This year saw about 90 cases that were down to data issues, and about 200 cases of members whose Pension Input Amount (PIA) exceeded £35k. Each one of these must be carefully looked at, and a re-calculation of the AA / Pension Input Amount (PIA) done to make sure of complete accuracy. This is important because a tax bill may be issued, which can be substantial.
- 6.2. The initial AA calculation is based on the final salary figure provided by employers at year end. This is based on 31 March, and the AA must be re-calculated to 6 April. Therefore, employers must be asked to provide further pay details. A thank you was given to all employers who helped so swiftly with this information.
- 6.3. We have a statutory deadline of 6 October in which we must issue Pension Savings Statements to members whose PIA exceeds £40k. Due to system issues the deadline has not been met this year, but all members with a charge have been notified within the time limits. The DCPF will be self-reporting to the Pensions Regulator as a result.
- 6.4. This exercise is a huge amount of work for the fund, and the calculations can be very complex, in part because of final salary benefits. However, most members are covered by carry forward, so of the 200 looked at this year, no more than 30 had to pay a tax charge.
- 6.5. The main issue for employers to be aware of is that final pay at year end is often inflated. This could provoke a charge, and several cases that have resulted in no charge being due when the re-calculation is done. The main issues with pay are the inclusion of extras, including bonus payments and honorarium. It is important that the final salary calculation is done correctly, please ensure that any extra payments are included only where those payments apply to the final pay period. If a high bonus payment has been made, this can cause an issue. Please also be aware that employers must look at the best of the last three years providing pay details for the purpose of the AA.
- 6.6. As a reminder, those most likely to be impacted by the AA are high earners, those with a large pay rise (promotion or bonus for example), and any member buying a large amount of additional pension, or those paying larger sums onto the AVC facility.
- 6.7. At the last Pension Liaison Officer Group meeting a presentation on Pensions Tax and Employer Responsibilities was provided. This presentation gives some basic information with a focus on pensions tax for employers and can be found on the employers' website at <https://dcpfemployers.org/plog> .

7. Employer team update

- 7.1. The Annual Employers Meeting will be held on Friday 18 November. In the meeting the actuaries will explain the valuation process and assumptions used. There will also be an update on the investments and pensions administration. Employers are welcome to book an individual session with the fund actuaries to discuss their valuation reports. The valuation reports are due to be sent out before this meeting so employers can look at their report and then request a meeting if one has not already been booked.
- 7.2. There is an upcoming LGPS Employer Responsibilities training on 11 November. This is particularly useful for new to the LGPS members of staff. During this session an overview of the LGPS is given, plus information on employer responsibilities and a section of pensionable pay is included. Further sessions will be scheduled for 2023 and will be advertised in the monthly employers' newsletter. DCPF also run Pensionable Pay sessions throughout the year, these training sessions focus on how to calculate the different types of pay and what should be considered pensionable. Again, these sessions will be advertised on the employers' newsletter.
- 7.3. The new Employer portal has been in place for over a year now. Employers using Dorset Council as payroll, will not have a registration as pension tasks are undertaken on your behalf by DC. The team at DCPF are constantly trying to work on improvements on the portal. Recently a new process for updating a previously submitted leaver form has been created and improvements to make the leaver process easier to read by emphasising the field headings has been completed. If there are any other processes that employers think would benefit from creating or changing, please email lgpsemployers@dorsetcouncil.gov.uk

7.4. LGPS employer discretions policies should be regularly reviewed. Many employers have not reviewed their policy since 2019 when a new template was issued. Every employer should have their policy relating to these discretions, as without a policy an employer is open to challenge and disputes. Also, without a policy, staff members will not be able to take advantage of flexible retirement for example. A template and guidance can be found on the employer website at <https://dcpfemployers.org/employer-discretions/>

7.5. Karen discussed outsourced payroll and the importance of knowing who is dealing with what elements. As an employer you maintain the responsibly and will receive any potential financial penalties for poor performance.

8. Presentation of pensionable pay common issues and queries

8.1. Presentation available at <https://dcpfemployers.org/ploq/>

9. Bulletins

9.1. Bulletin 229

9.1.1. Final Pay calculation query, this concerns Regulation 10 and the earliest three-year period that can be used. Karen Gibson explained that the employer has a responsibility to members regarding Regulation 10 as many members do not know, or understand, pay protections.

9.1.2. The McCloud project is ongoing, and the regulations are expected next year. The implementation of McCloud in the Teachers' Pension Scheme means that some teachers will be retrospectively eligible for the LGPS for the period 1 April 2015 to 31 March 2022.

9.1.3. There has been a few ministerial Changes in central government in recent times, this can influence and delay change.

9.1.4. LGA have issued bite sized training on final pay, this is free interactive training aimed at employers and LGPS payroll providers. This can be found on www.lgpsregs.org/employer-resources/employer-bite-size-training.php and also contains training on Assumed Pensionable Pay.

9.2. Bulletin 228

9.2.1. The Pensions Regulator (TPR) has published a new strategy to combat pension scams. The strategy sets out TPR's plan on this as scams are on the rise. If you have any questions or queries, please contact the fund.

9.2.2. Pensions Dashboard will not affect employers directly but will be helpful for members. It will be one central location where members can view all their pension entitlement including state pension. This may help members who have forgotten where they hold pensions benefits.

9.2.3. The Supreme Court has ruled in favour of a zero-hour 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. LGPS Scheme employers may be reviewing their policy on calculating holiday pay for members in this category considering 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. You can read more about the Harpur Trust v Brazel case, including a useful summary of the judgment on the Supreme Court's website.

9.3. Bulletin 227

9.3.1. FAQ have been added to the www.lgpsmember.org on the cost-of-living crisis. The LGA are looking at the numbers of staff opting out due to the cost of living. It is an inevitable consequence but must be monitored.

9.3.2. The Government Actuary's Department published the results of the first cost cap valuation. The cost cap mechanism looks at the LGPS as a whole and views it nationally. 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, which means no changes to benefits or member contributions are needed.

9.4. Bulletin 226

9.4.1. The Scheme Annual report for 2021

(<https://lgpsboard.org/index.php/schemedata/scheme-annual-report>) provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. The report collates information supplied by 86 administering authorities, as at 31 March 2021. It is an interesting read with statistics regarding funding and membership. It is also noticeable the Covid has affected life expectancy in the fund. In addition to increased deaths, the Dorset Fund has noticed a sharp increase in Tier 1 ill health pensions.

9.4.2. There is an updated payroll guide available at www.lgpsregs.org/employer-resources/guidesetc which is very good and informative.

9.4.3. Inducement to opt out. The LGA have asked that all employers are reminded that they must not offer inducements to opt out. The opt out form must be provided by DCPF and shouldn't be handed out by employers. Ideally people would stay in the pension scheme, but it is understood that financial pressures are high at the moment.

10. Any other business

10.1. Elaine Sheridan asked about the impact on the LGPS about market volatility. Karen explained that the DCPF valuation is based on 31 March 2022 so anything that has happened since will not be reflected. The current events will not have any effect until the 2025 valuation and will be smoothed over the 3 years. We are not aware of any problems in the DCPF investments, members will always be protected as it's a deferred benefit scheme. There will be an update on the funding position at the employers meeting.

10.2. Richard Hicks asks whether it was possible for a short statement to be issued explaining that people should not be concerned to alleviate member concerns. Karen said this could be added to the next employers' newsletter, employers could then choose to pass this reassurance to their members.

10.3. On 19th October the Government will publish the annual CPI rate. This is expected to be high and is the measure that is normally used to increase pension benefits. However, the government do not normally confirm the pensions increase until February so it cannot be assumed until this date. The issue for the government is that the pensions increase will also affect non funded schemes, and this will directly cost the government.

11. Date, time, and venue of the next meeting

11.1. Joining links to the 2023 meetings will be sent to all on the employer contact email list.

11.1.1. Wednesday 1 March 2023 at 10:00 on Microsoft Teams

11.1.2. Thursday 15 June 2023 at 10:00 on Microsoft Teams

11.1.3. Friday 13 October 2023 at 10:00 on Microsoft Teams