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Date: 13 June 2023
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Dear Sirs

Leicestershire Local Government Pension Fund
Consultation Reply – McCloud Remedy in the LGPS – Supplementary Issues and
Scheme Regulations

I write in reply to the consultation on the McCloud Remedy in the LGPS, supplementary issues and scheme regulations.

Please treat this letter as the official reply of the Leicestershire Local Government Pension Fund.

Q1. Aggregation and Underpin - Do you agree with the rules about aggregation and underpin protection that we are proposing.

A1. Not reopening the aggregation window is supported, as this would have been extremely difficult to communicate and action, given some people will have "correctly" decided to keep their benefits separate for a variety of reasons, not least because they have moved to a lower paid job.

However, the proposed solution is complex and administratively challenging, but on balance it seems the preferred option.

Q2. Club Transfers into the LGPS - Do you agree with our proposed approach regarding Club transfers?

A2. We agree that members should not need to transfer their previous pensionable service from other public service pension schemes, into the LGPS, to qualify for underpin protection within the LGPS.

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Chris Tambini, Director of Corporate Resources

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However, LGPS Funds will not know if members have other public sector pensionable membership elsewhere, unless the member tells us, given there is no central database for this information.

We suggest thoughts need to be given to ensure a consistent approach is taken across Funds, on when this information is requested – e.g. annually as part of the annual benefit statement communication exercise, only when the member leaves/retires, or could all relevant public sector pensions data be held centrally.

Q3. Flexible Retirement - Do you agree with our proposal to extend underpin protection to the period after flexible retirement, if it is in the underpin period?

A3. Yes

Q4, Flexible Retirement - Do you agree with our proposal for multiple final underpin dates if a member takes partial flexible retirement.

A4. Yes

Q5. Divorce - Do you agree with our proposed method for calculating a CEV for a member with underpin protection?

A5. Yes

Q6. Divorce - Do you agree with our proposal to remove pension debits from the calculation of the provisional assumed benefits and underpin amount?

A6. Yes.

Q7. Teachers excess – Do you have any comments on the approach being adopted for these members?

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A7. We are extremely concerned by the proposed solution. These are listed in point 61 in your consultation as follows.

- How to identify affected members
- Adjusting employee and employer contributions
- Obtaining data to create LGPS member records
- Adjustments where benefits are already in payment
- Transfers back to the TPS after the remedy period
- In addition, communication to teachers about this (who may have little or no LGPS experience or knowledge)

We believe this matter should not fall to the LGPS to resolve and it should remain with the Teacher's Pension Scheme.

Q8. Are there any areas where specific scheme regulations regarding excess teacher service would be necessary or beneficial?

A8. Until this area is completely clear and clarified, it is hard to say what regulation changes are needed.

Q9 Compensation – Do you have any comments on the government's approach to compensation?

A9. An agreed solution is needed that all Funds use, otherwise there is potential for different decisions which must be negated.

Q10 Interest – Do you have any comments on the governments approach to interest?

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A10. The method decided must be used consistently by all Funds. This should be built into the pension administrative systems, so it is calculated as part of the resulting figures for administrative ease, audit purposes and clarity to the member.

Q11 Injury Allowances – Do you agree with the approach we have proposed for injury allowance payments?

A11. Yes, but these are extremely rare cases, so the likely impact is negligible.

Q12. Equalities – Do you have any comments on our equality impact assessment?

A12. No

Q13. Are you aware of additional data sets that would help us assess the impacts of the LGPS McCloud remedy on the LGPS membership?

A13. No

Q14. Regs – Do you have any comments on the draft regulations?

A14. No

Q15. Do you have any comments you would like to make on McCloud remedy in the LGPS?

A15. Yes, the administrative time, complexity and cost associated with this exercise vastly exceeds any anticipated increase to a small number of members pension benefits.

In addition, various system changes will be required to enable accurate administration of the McCloud remedy. System changes are costly and take time

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to build, test and deliver. These need to be factored into the final stages of the remedy implementation.

As required, my details are as follows;

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Yours faithfully

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