Government Actuary's Department

September 2019

Pensions News

Welcome to the September edition of Pensions News. In this edition we focus on a number of developments over the summer: reports from the Pensions Regulator, the publication of the schemes' 2018 to 2019 accounts, and the public sector pay award. We also describe how GAD supported DHSC in providing evidence to the pay review body.

Sue Vivian, Head of Public Service Pensions

PSPS Governance

In July, The Pensions Regulator (TPR) published a commentary and a research report on the results of its fourth annual survey of governance and administration in public service pension schemes. The survey findings support TPR's existing assessment that the top risks in this landscape are around governance, record keeping, and member communications. They also identify cyber security as a significant issue requiring attention. Key points include:

- only half of schemes had the recommended four or more pension board meetings in the previous 12 months
- on average, 20% annual turnover of pension board members
- 11 schemes are breaching the law in relation to the number of pension board members
- comments on data collection and data quality
- administration – most complaints relate to administration, so pension boards should consider it at every meeting

In September, TPR published an engagement report about governance and administration risks in public service pension schemes. It found several common areas, some requiring improvement but others demonstrating good practice.

GAD can provide training for pension boards and assist with reviews of risk registers. We also help some schemes with data improvement activities and in reviewing calculation accuracy. Please speak to your GAD contact if you are interested in exploring any of these areas further.

Pension scheme accounts 2018 to 2019

A number of schemes have published their accounts for the year 2018/2019, including the Armed Forces Pension Scheme, the NHS Pension Scheme and the Teachers' Pension Scheme. The accounts include a quantification of the potential costs of the McCloud / Sargent remedy.

At GAD, we seek to achieve a high standard in all our work. We are accredited under the Institute and Faculty of Actuaries' Quality Assurance Scheme. Our website describes **the standards** we apply.

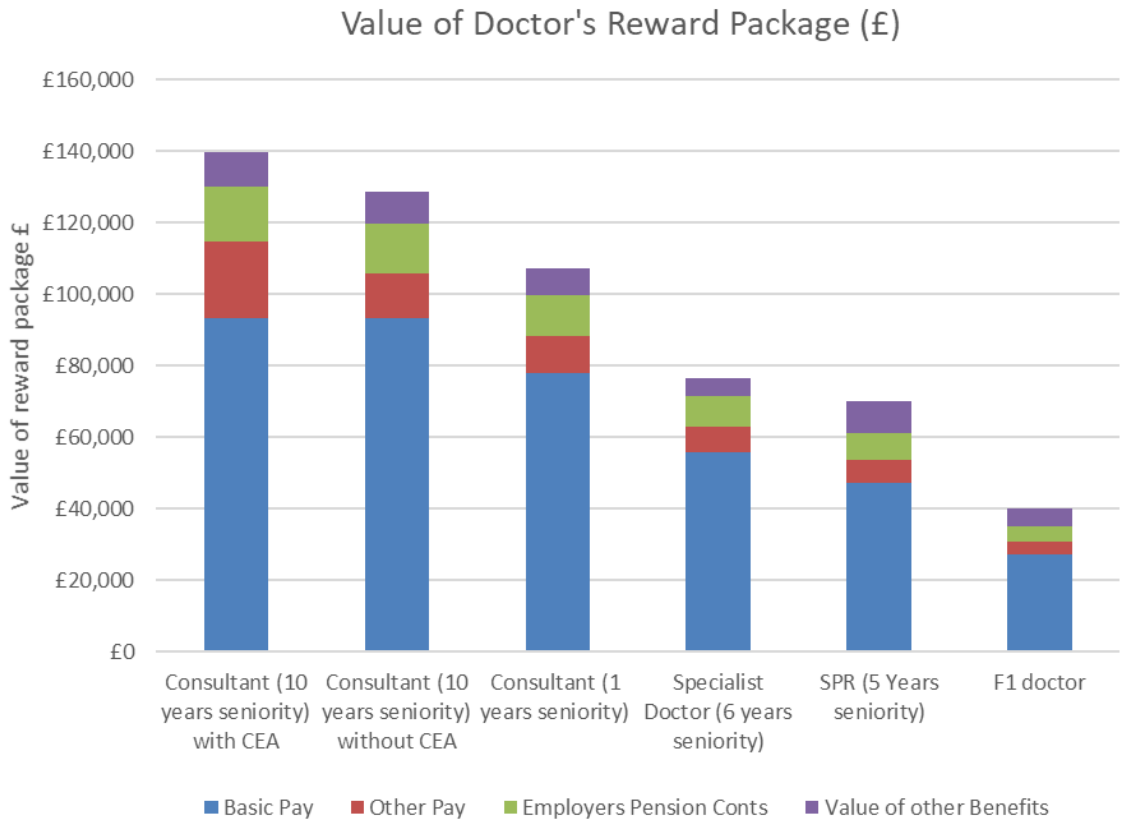
Public sector pay increases and analysis of total reward

On 22 July 2019, the UK government announced above inflation pay rises of 2.75% for school teachers, 2.5% for consultants and dentists, 2.5% for police officers, 2.9% per cent for the Armed Forces, at least 2.2% for prison officers and 2% for senior public servant roles covered by the Senior Salaries Review Body. Many of the pay rises awarded were in response to the findings of 7 pay-review bodies, which make independent recommendations on pay and reward across the public sector.

GAD supported the Department for Health and Social Care in preparing evidence for the Doctors' and Dentists' Remuneration Body and evidence for the NHS Pay Review Body by quantifying the value of the total reward package. As part of this evidence, we also provided analysis on membership trends in recent years, trends in reward packages between difference roles, and relative to private sector occupations.

The graph below shows the value of reward packages for doctors including:

- basic pay
- other pay such as clinical excellence awards for consultants, out of hours/on call payments, weekend allowances, extra sessions worked
- employer's pension contributions
- other benefits such as additional leave over the statutory minimum, additional sick leave over statutory sick pay and study leave for doctors in training



GAD previously organised a cross-government event to promote knowledge sharing in relation to Wider Reward and continue to encourage cross-department engagement in this area. If you are interested in discussing whether such analysis would be useful for other workforces please speak to Alan Dorn, Jeanette Johnson or your usual GAD contact.

News roundup

Ministry of Justice: Fee-paid judges (O'Brien)

In recent months, the Ministry of Justice has provided a series of updates to the Employment Tribunal, regarding the pension provision for Fee-paid Judges (further to the O'Brien/Miller & Others litigation). The latest document is accompanied by worked examples developed by GAD, which give a clearer indication of how this methodology will work in practice.

Bulk transfers back into unfunded scheme under 'Fair Deal'

GAD's specialist Staff Transfer's Team has published guidance for contracting authorities on bulk transfers back into a public service pension scheme under 'Fair Deal'. It sets out the steps that need to be followed when former public service staff with pension protection re-join an unfunded public service scheme.

New consultations and regulations

- **Teachers' Pension Scheme: Independent Schools Phased Withdrawal**
  The Department for Education has published a consultation on proposals to allow independent schools which are opting out of the scheme to do so more flexibly.
- **NHS Pension Scheme: Increased flexibility for senior clinicians**
  The Department of Health and Social Care has launched a (further) consultation on proposals to give senior NHS clinicians access to more flexible pensions, allowing them to maximise the amount they can save without facing significant pension tax bills.
- **Teachers' Pension Scheme: Amendments further to Walker and Brewster**
  The Teachers' Pensions Scheme (Amendment) Regulations 2019 provide civil partners and same-sex spouses with the same survivor pension benefits as widows (following the case of Walker) and remove the requirement to nominate unmarried cohabiting partners for survivor benefits (following the case of Brewster).

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