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To: Chief Executives
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At: All Employing Authorities

Circular 12/2020
4 December 2020

Dear Colleagues,

Department for Communities Consultation on Proposed Changes to the Transitional Arrangements in the 2015 Local Government Pension Scheme in Northern Ireland ('LGPS (NI)')

This Circular has been issued to highlight the current Department for Communities consultation on proposed changes to the LGPS (NI) and to give employers advance notice that NILGOSC will need employers to provide retrospective and ongoing hour changes and service breaks for all members who will fall in scope of the proposed changes.

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1. The Consultation

The Department published its consultation on proposed changes to the transitional arrangements in the LGPS (NI) on 11 November. The consultation runs for 12 weeks and closes on 31 January 2021. Details on how to respond to the Department are on pages 4 and 5 of the [consultation document](#). We would encourage employers to respond to the consultation as the outcome is expected to have an impact on employer workloads (see Section 5).

NILGOSC has published its response to the Department on the [NILGOSC website](#). This may assist employers with their own responses to the consultation.

2. Background

When the Government reformed the public service pension schemes in 2015 it introduced protections for older members – those who were within ten years of their normal retirement age on 31 March 2012. At that time the normal retirement age in the LGPS (NI) was age 65 for all members. In the LGPS (NI) this protected members who were aged 55 or over on 31 March 2012 and remained in active contributing membership of the new Scheme on 1 April 2015. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes were unlawfully discriminated against as these protections did not apply to them. This ruling is known as McCloud after one of the claimants.

The Government confirmed that there would be legislative changes to all public service pension schemes to remove the age discrimination. This consultation proposes changes to the LGPS (NI) to automatically provide younger members with the same protection as older members.

3. The Underpin Protection

In the LGPS (NI) the protection works by comparing the pension payable under the current career average revalued earnings (CARE) Scheme with the pension that would have been payable had the Scheme not changed from final salary in April 2015 and the higher pension is paid. This protection is called the underpin.

In the consultation, the Department proposes automatically extending a revised underpin for the period from 1 April 2015 to 31 March 2022 to all members who were in the Scheme on 31 March 2012 and who have membership post 1 April 2015 of the CARE Scheme. From 1 April 2022 onwards, any new pension that members build up will be calculated on a CARE basis only.

4. Who will be affected?

The members affected are those who meet all the following criteria:

- an active contributing member on 31 March 2012 and
- has active contributing membership after 31 March 2015 and
- does not have a disqualifying break in service of five years or more.

NILGOSC estimates that approximately 36,000 members will meet the above criteria and be within scope of the proposed revised underpin. This cohort of members includes current active members, deferred members, pensioners, dependants, members who have transferred out and those who have trivially commuted their pension benefits.

5. What additional data is needed from employers?

This revised underpin extends the final salary scheme for comparison purposes. Therefore, NILGOSC will need additional data on the contractual hours and weeks worked and any service breaks to perform the underpin calculations. The data will be needed for all members who are within scope of the revised underpin for the period from 1 April 2015 to 31 March 2022, or earlier if the member left active membership of the Scheme before 31 March 2022 or reached age 65 before that date.

An Employer Question and Answer document is attached at Appendix 1.

NILGOSC will provide employers with a data collection spreadsheet that lists their members for whom the part-time hours, weeks and service break data are required. A sample data collection spreadsheet and notes are attached to this circular. We are aiming to issue these personalised data collection spreadsheets to employers in

December 2020 and January 2021. **Please email datacollection@nilgosc.org.uk by 18 December 2020 with the name of the employer, the name of the recipient and their email address so that this spreadsheet can be issued securely.** This recipient should be a known signatory for NILGOSC for that employer. The title of the email should be Employer Contact for Data Collection Template.

We realise that this will be a significant administration exercise for both employers and NILGOSC. The first step is to collect the data and the timeframe for returning the data is from now up to 30 June 2021 at the latest. Given the numbers of members involved and the scale of the exercise we would appreciate data as soon as it is available. If a member is leaving or retiring before the spreadsheet is submitted then please provide a full history of hours/weeks and breaks along with the leaver's form, LGS15. This form has been amended to capture the full history from 31 March 2015. Please ensure that any old stock of LGS15 forms is destroyed and the new form implemented with immediate effect. The updated form is available on our [website](#).

6. Seminar for employers on the consultation and data collection

We intend to hold a remote seminar for employers on the consultation and the data collection requirements on Wednesday 16 December 2020 at 10.30am. If you are interested in attending this seminar please can you register your interest by sending an email to seminars@nilgosc.org.uk with the names and email addresses of attendees. Once you have registered your interest you will receive further information and a link to the MS Teams Event along with information on how to join.

If you have any questions regarding the content of this Circular, please contact either myself, Jenna Fisher, Jacqueline Marner or any member of the Pensions Development Team.

Yours sincerely

Zena Kee

Pensions Manager

Appendix 1 – McCloud Data Collection Exercise Q&As for Employers

1. [Why is the McCloud data collection exercise necessary?](#)
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10. [Are hour and week changes and service break information required going forward?](#)

1. **Why is the McCloud data collection exercise necessary?**

The Government has confirmed that changes will be made to all the main public service pension schemes, including the LGPS (NI), to remove the unlawful age discrimination identified in the McCloud ruling.

In the LGPS (NI) this means that eligible younger members must be provided with the same protection that was provided to older members when the Scheme was changed in 2015. To do this, NILGOSC needs to collect historical contractual hour and week changes and service breaks (only where the member has not elected to pay contributions to cover the break) since 31 March 2015. This data is needed for any member who was an active member of the Scheme on 31 March 2012 and who moved to the CARE Scheme on 1 April 2015. This data will be required for the period from 1 April 2015 to 31 March 2022.

2. **Do I have to provide the data?**

Yes. The data is needed to comply with legislative changes that will be made to the LGPS(NI) to remove unlawful age discrimination and all employers are legally

required to provide NILGOSC with the data needed to calculate members' benefits. NILGOSC will provide each employer with a pre-populated data collection template listing both active and those employees who have since left that employment that we have identified as now requiring additional data. In addition we will also provide the latest hours and effective date of the last hour change that is held on our records for each employee. This should help employers reconcile their records to those that NILGOSC holds. A further data collection template will be issued at a later date to collect the data for those members who may have linked records and transferred membership from one record to another. NILGOSC may have to request further information if there are gaps in the service history.

3. How should I submit the data?

You should use the McCloud data collection template that we issue to you to collate the data relating to your employees. Please make sure you read the notes before completing it. Once you have collated your data you should send it to NILGOSC in a secure format, in line with your obligations under the Data Protection Act 2018. The data collection template should be sent to datacollection@nilgosc.org.uk.

4. Do I have to submit the data for employees who have left?

Yes, as the changes apply to members who were active in the Scheme at 31 March 2012 and moved to the CARE Scheme on 1 April 2015, the majority of employees who have since left after 1 April 2015 are included.

5. Is there a deadline for submitting the data?

The timeframe for submitting the data is from now to 30 June 2021 at the latest. Given the numbers of members involved we would appreciate if the data is sent to NILGOSC as soon as it is available.

6. Might I be charged if I do not provide the data on time and this results in additional costs to NILGOSC?

Yes. All employers are legally required to provide NILGOSC with the data we need to calculate members' benefits. Employers who return the template after the deadline or where data quality is poor will receive a fine in line with the charging

schedule in Appendix 2 of the [Pension Administration Strategy](#). The fine is £50 per reminder.

7. I am unsure how to complete the McCloud data collection template?

You should read the notes that accompany the McCloud data collection template to help resolve your questions. If after reading the notes you are still unsure, please contact either Ruth Benson, Jacqueline Marner, Carole McSherry or Janet Wallace.

8. Can I charge NILGOSC for the cost of providing the data?

No. You are legally required to provide NILGOSC with the data needed to calculate pension benefits.

9. What happens if I cannot supply the data?

You are legally required to provide NILGOSC with the data needed to calculate pension benefits. If you are experiencing difficulties with this, please contact NILGOSC as soon as possible.

10. Are hour and week changes and service break information required going forward?

Yes. Once the historical data has been provided, all future changes up to 31 March 2022 will need to be provided to NILGOSC using either the LGS25 or LGS34 forms. The only exception is where a member joined the Scheme on or after 1 April 2015 - these members have no final salary protections and therefore hour changes are not required.