

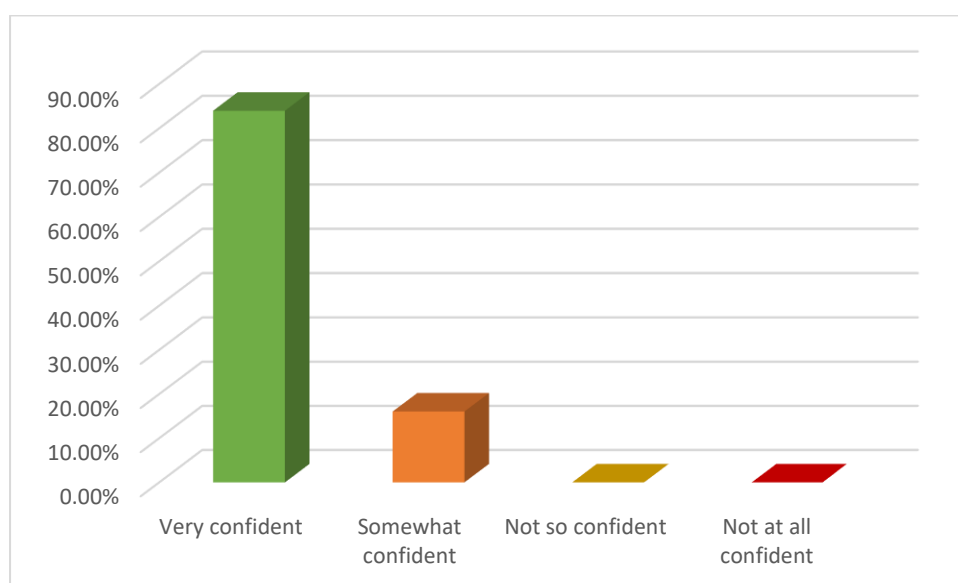
LGPS COVID-19 resilience survey conducted 24th March to 6th April

Survey was sent to LGPS administering authorities across England, Wales and Scotland

79 Responses were received from;

- 21 London boroughs
- 8 Scottish authorities
- 9 Welsh authorities
- 6 English metropolitan authorities
- 33 English county or unitary council
- LFPA and the Environment Agency

Key area 1 - How confident are you that you can continue to pay existing pensioners?



Very confident	83.95%
Somewhat confident	16.05%
Not so confident	0.00%
Not at all confident	0.00%

IOW response

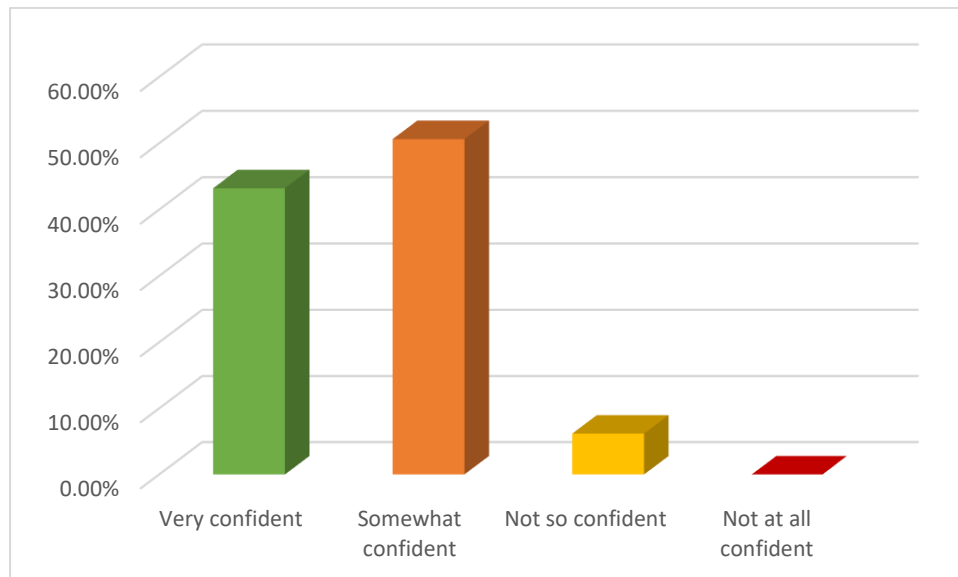
Areas of concern for those somewhat confident were as follows

- Loss of staff or staff unable to work from home
- Broadband performance
- Processes being done at home/remotely for the first time
- Staff sickness levels
- Paying overseas pensioners without life certificates
-

Plans to manage these concerns include

- In the worst-case scenario repeat the payroll run
- Ensure key staff can work effectively from home
- Review and if necessary revise the outsourced provider agreement

Key area 2 - How confident are you that you can calculate and process new retirements and death benefits?



Very confident	43.21%
Somewhat confident	50.62%
Not so confident	6.17%
Not at all confident	0.00%

IOW response

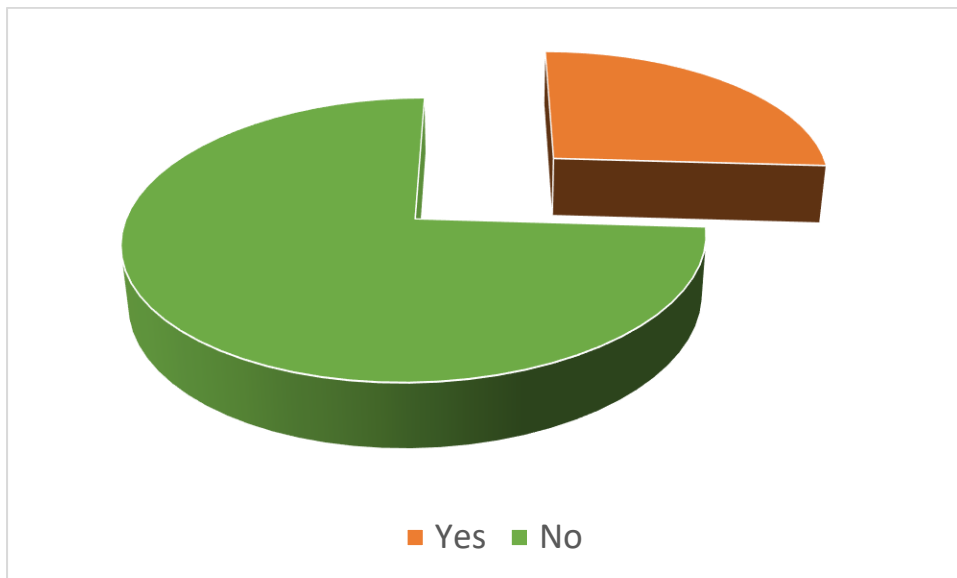
Areas of concern for those somewhat or not so confident were as follows

- Access to systems/post for staff working from home
- Information flows from employers
- Capacity issues/staff sickness levels/staff unable to work from home
- Paying overseas pensioners without life certificates

Plans to manage these concerns include

- Move to paperless working/electronic documentation (discussions with auditors)
- Once a week postal runs to the office
- Obtaining information from employers in advance
- Updating scheme member details to enable better direct contact (eg all by email)

Key area 3 - Have any of your employers contacted you to let you know they may not be able to pay contributions? If yes, please let us know the numbers and provide any other relevant information



Yes	25.93%
No	74.07%

IOW response

Further information on employers with difficulties paying contributions

- Employees being furloughed
- Loss of cashflow (eg sports centre membership fees cancelled)
- Employer closed with no income
- Political sensitivities for some small employers
- Request for break in substantial deficit payments
- Some contributions late
- Council contractors with cash flow difficulties

Action being taken

- Discussions with employers to consider package of assistance
- Potential short-term deferral of contributions (repayable in rest of year)
- Potential deferral of deficit contributions only
- Request for evidence that employer is taking all other available action (eg government backed loan scheme) before considering deferral
- Reminder to all employers on contribution deadlines
- Discussions with council/guarantors to review grant funding/covenant

Key area 4 - Are you aware of any employers who are exiting the Scheme (or are at risk of exiting) where the exit is linked to the current situation with Covid-19?



Yes	4.94%
No	95.06%

IOW response

Further information on employers in danger of exiting

- Possible exit if situation continues for months
- Total overnight loss of income due to enforced closure

Action being taken

- Furlough scheme may avoid need to exit

It should be noted that a majority of those who responded this section stated that it was too early to say and that this situation may change for the worse if circumstances continue as they are for a period of months.

Published 7.4.2020

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For further information members of the press should contact the Scheme Advisory Board Secretary jeff.houston@local.gov.uk

Further information on COVID-19 issues for LGPS administering authorities can be found at <http://lgpsregs.org/news/covid-19-news-2020.php>

LGPS COVID-19 cashflow survey conducted 1st April to 14th April

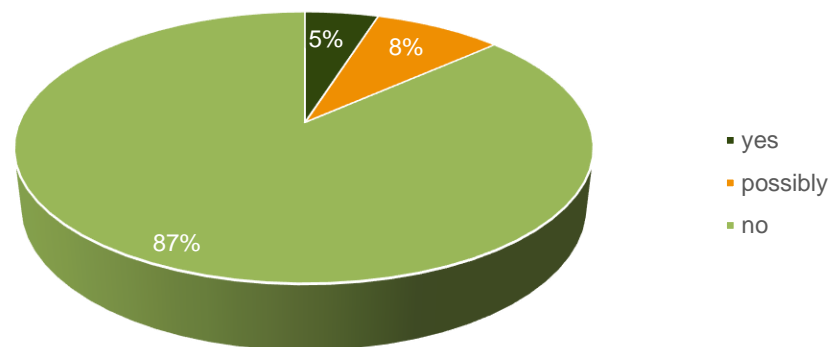
Survey was sent to LGPS administering authorities across England, Wales, Scotland and Northern Ireland

82 Responses were received from;

- 24 London boroughs
- 9 Scottish authorities
- 7 Welsh authorities
- 6 English metropolitan authorities
- 33 English county or unitary council
- NILGOSC, LFPA and the Environment Agency

Question 1 - Do you anticipate any fund cash flow issues for 2020-21? Yes/No?

Do you anticipate any fund cash flow issues for 2020-21?



yes	4	4.9%
possibly	7	8.5%
no	71	86.6%

IOW response

Areas of concern raised were as follows

- A number of funds indicated that their 'no' answer may change should this situation continue, or get worse, for much of the year
- Investment income, reduction and or suspension of dividends
- Investment income, reduction and or absence of property rental income
- Drop in contribution income due to change in strategy now compounded by small employers in financial difficulty
- Some funds already cash negative not helped by the current situation
- Some funds have a significant number of Tier3, FE/HE/Charities, which are struggling with their finances. Some may even be unable or unwilling to pay their secondary, perhaps even primary contributions.
- Operational costs, already increasing, cost of business continuity higher

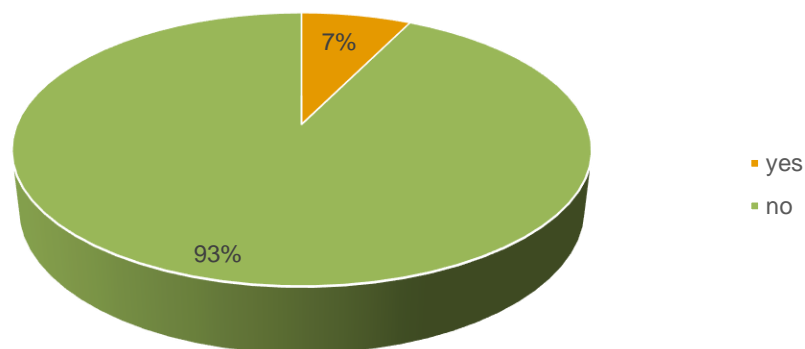
- Uncertainty around private market commitments made pre COVID-19.
- Currency hedging where positions settled on a quarterly basis. Mitigation of £(sterling) falls by larger cash balances than otherwise thus avoiding need to sell assets at a time of heightened volatility.
- Potential increase in death grant payments.
- Delay in continued momentum with investments in the LGPS pooling programme due to market volatility and pricing issues.

Positive points made and action taken included:

- Many funds cash positive at the contribution level and are re-investing investment income)
- Many funds >90% employers are scheduled bodies (Local authorities, National park and police authority) with good covenants
- Prepayment of contributions by larger employers will help (provided they happen)
- Plans to keep/increase liquidity but timing of asset disposal is an issue given current market activity
- Business Continuity Plans updated, addition of COVID19 to risk registers
- Continuous and close monitoring of employers, review of investment strategy
- Consideration of use of investment regulation 5 for 90 day borrowing to meet benefits
- Request for LGPS guidance in general, not just Fund level
- Request for MHCLG legal advice on employer contribution holidays.
- a number of funds Employer survival material value to local community. Proposed that flexibilities on exit payments be brought forward by MHCLG.

Question 2 - Have you received any requests from employers to delay/reduce contributions?

Have you received any requests from employers to delay/reduce contributions?



yes	6	7.3%
no	74	92.7%

IOW response

Comments regarding contributions were as follows

- Small number of employers have requested contribution holidays/deferred payment. Risk that resulting break in contributions for a period would not be recoverable
- Some major employers intending to pre-pay three years of contributions have now decided to pay just one years' worth upfront and will review again next year. Another example included a case where an employer, which previously paid upfront secondary contributions for the three-year period have at a late date opted to revert to monthly payment.
- Uncertainty that some community admissions, like leisure trusts for example, have not raised because it has not been thought through or because they have agreed support packages with councils.

Comments made and action taken included:

- Comment that encouraging or promoting contribution reductions/deferrals would not be welcomed
- Conversely, another comment was that contributions from employers should be allowed over longer periods, and for TPR not to consider this requirement for deferment to be treated as a breach
- Reversion to monthly payment will assist in the management of fund cash flow on short term basis. This is not new and reflects the flexibility that had always been available. It was agreed that if there was greater clarity next year, they may reconsider capitalising
- Offer to employers the option to delay the April secondary contribution payment up to September, depending on their cash positions, giving them up to six months to pay
- Prepayment of three years' deficit contributions generally treated as additional cash in any case

It should be noted that a majority of those who responded this section stated that it was too early to say and that this situation may change for the worse if circumstances continue as they are for a period of months.

Produced 21.4.2020

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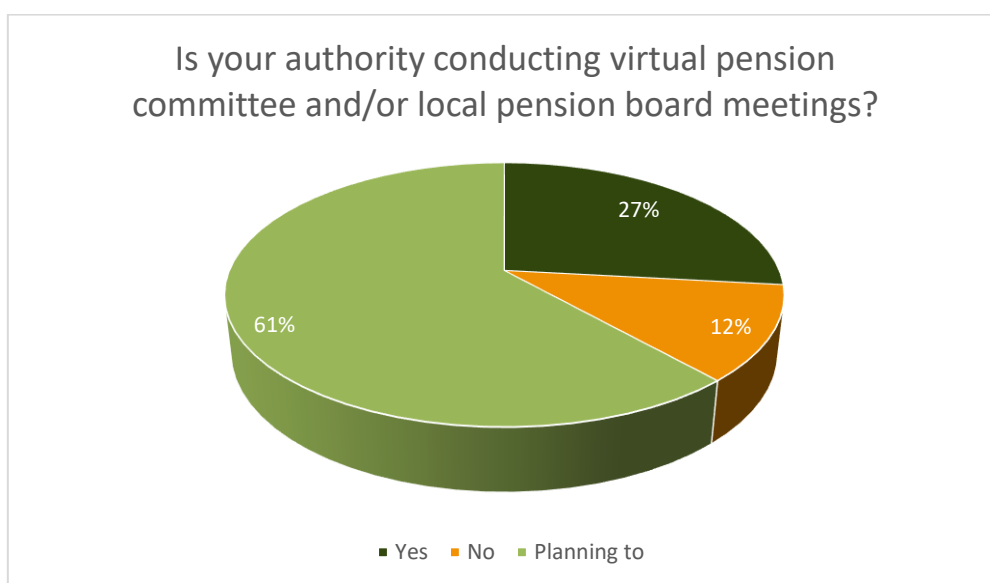
LGPS COVID-19 governance survey conducted 1st May to 15th May

The survey was sent to LGPS administering authorities across England, Wales, Scotland and Northern Ireland.

83 Responses were received from:

- 21 London Boroughs
- 38 English county or unitary councils
- 6 English metropolitan authorities
- 7 Scottish authorities
- 8 Welsh authorities
- LPFA, the Environment Agency and NILGOSC

Question 1 - Is your authority conducting virtual pension committee and/or local pension board meetings?



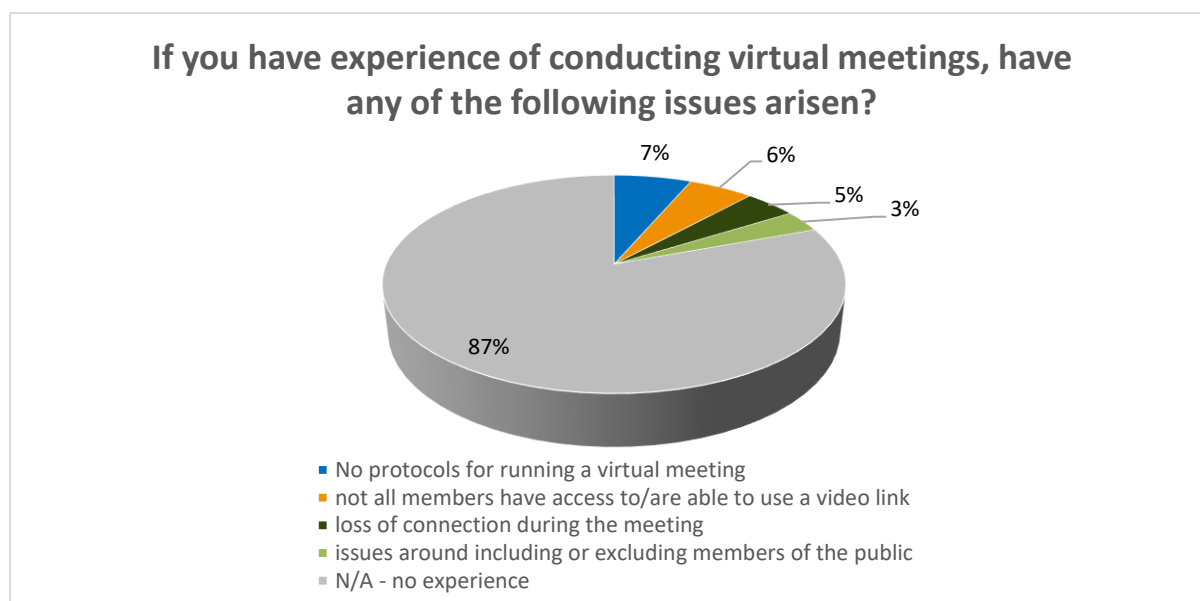
Yes	27%	23
No	12%	10
Planning to	61%	50

IOW response

Question 2 - If you are not conducting, or not planning to conduct virtual meetings, please confirm how decisions are being made and if you have changed your delegations?

Around 20 responses were received as some administering authorities planning to conduct virtual meetings provided information about how they are making decisions in the interim. In summary, most confirmed that they have delegated decision making to a combination of the Section 151 officer, the Chair and Vice chair of the pension committee. One authority has delegated decision making to the Chief Executive with appropriate advice from officers, another has a COVID-19 special committee and one is currently assessing the options.

Question 3 - If you have experience of conducting virtual meetings, have any of the following issues arisen?



No protocols for running a virtual meeting	7%	6
not all members have access to/are able to use a video link	6%	5
loss of connection during the meeting	5%	4
issues around including or excluding members of the public	3%	3

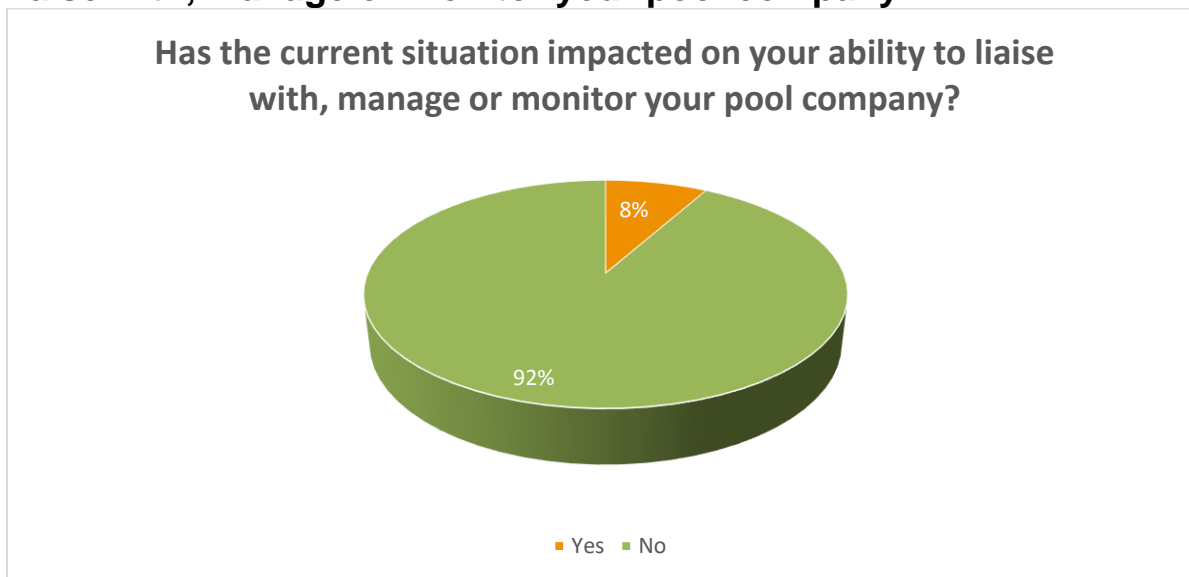
Note some may have responded to more than option hence this does not add up to 100%

Summary of the comments regarding virtual meetings:

A variety of protocols and practices are emerging with some authorities offering training on attending a virtual meeting. Meetings are being shortened and agendas adapted. One authority shared their tips for holding a successful meeting, these are:

- have an appropriate revised agenda
- set clear rules of engagement
- the Chair should provide clarity as to how meeting is to be conducted at the start
- provide regular opportunities for questions/comments
- ensure agenda items are timed and that presenters stick to them
- summarise issues at the beginning of the meeting so everyone is clear what will be covered
- contact every attendee before the meeting to check they can access the meeting papers and trial dialling in
- open the meeting an hour early so people have capacity to check they can dial in on the day

Question 4 - Has the current situation impacted on your ability to liaise with, manage or monitor your pool company?

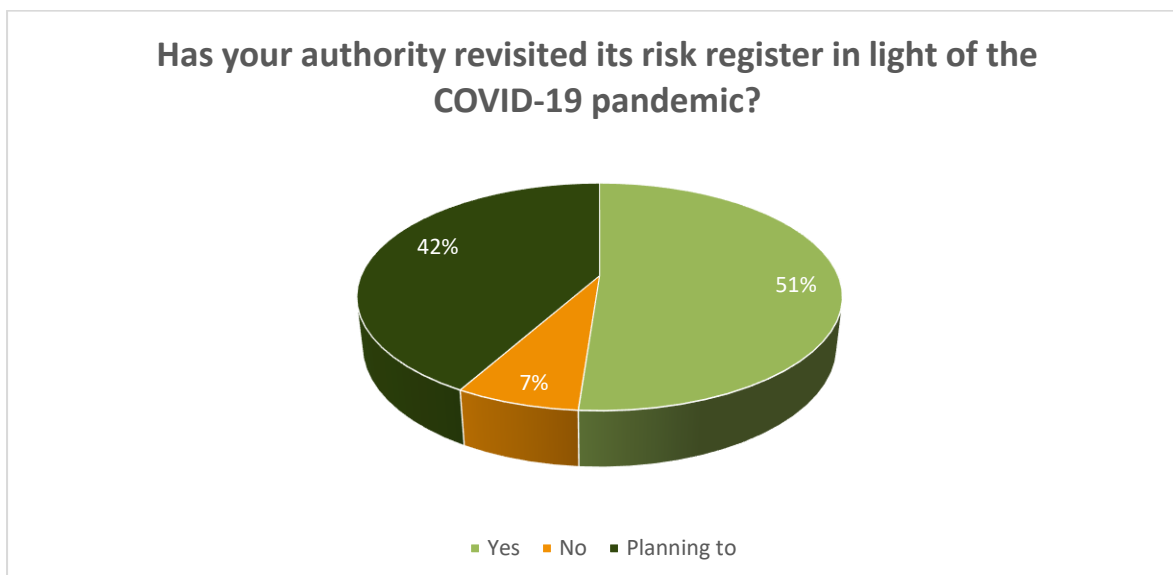


Yes	8%	7	IOW response
No	92%	76	

Summary of the comments regarding current situation:

Some respondents felt that relationships have improved with virtual meetings as the practical issues around meeting face to face are removed. Others felt that face to face meetings provide more opportunity for genuine debate and better support governance and oversight.

Question 5 - Has your authority revisited its risk register in light of the COVID-19 pandemic?



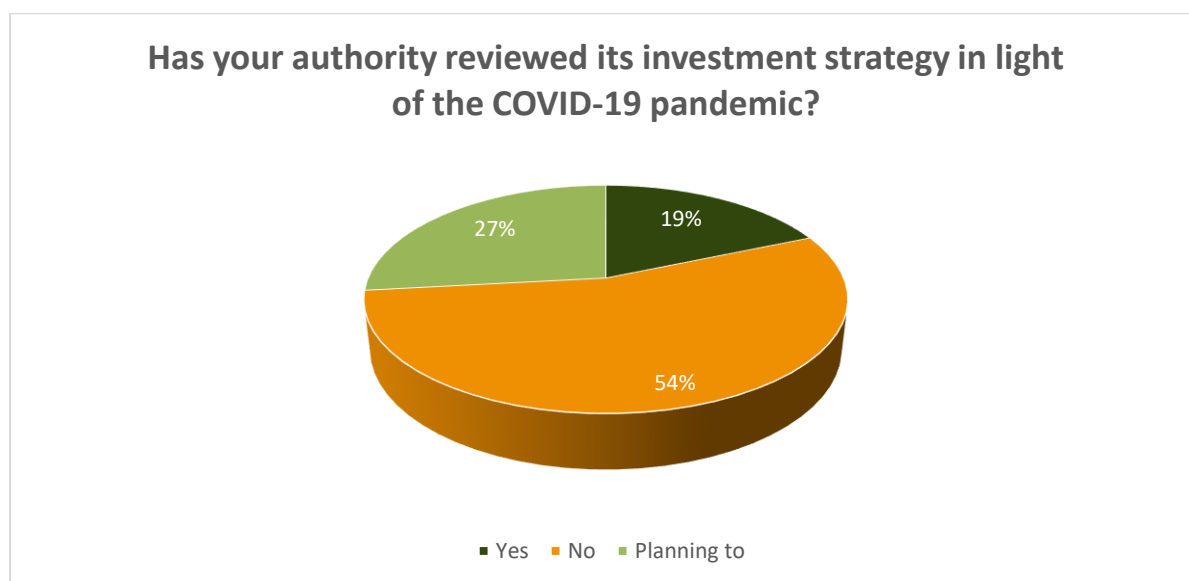
Yes	51%	42	IOW response
No	7%	6	
Planning to	42%	35	

Summary of the comments:

A significant number of comments were provided – these fell into two camps; firstly, where a specific COVID-19 register has been created and secondly where a specific risk or risks have been added to the existing register.

Some respondents provided information on the specific risks they are considering – these include; loss/deferred contribution income, employers exiting the scheme, reduction in investment income, staff absences, maintaining liquidity to meet projected cash flows, data flow from employers, third party pension administrator delivery and business continuity.

Question 6 - Has your authority reviewed its investment strategy in light of the COVID-19 pandemic?



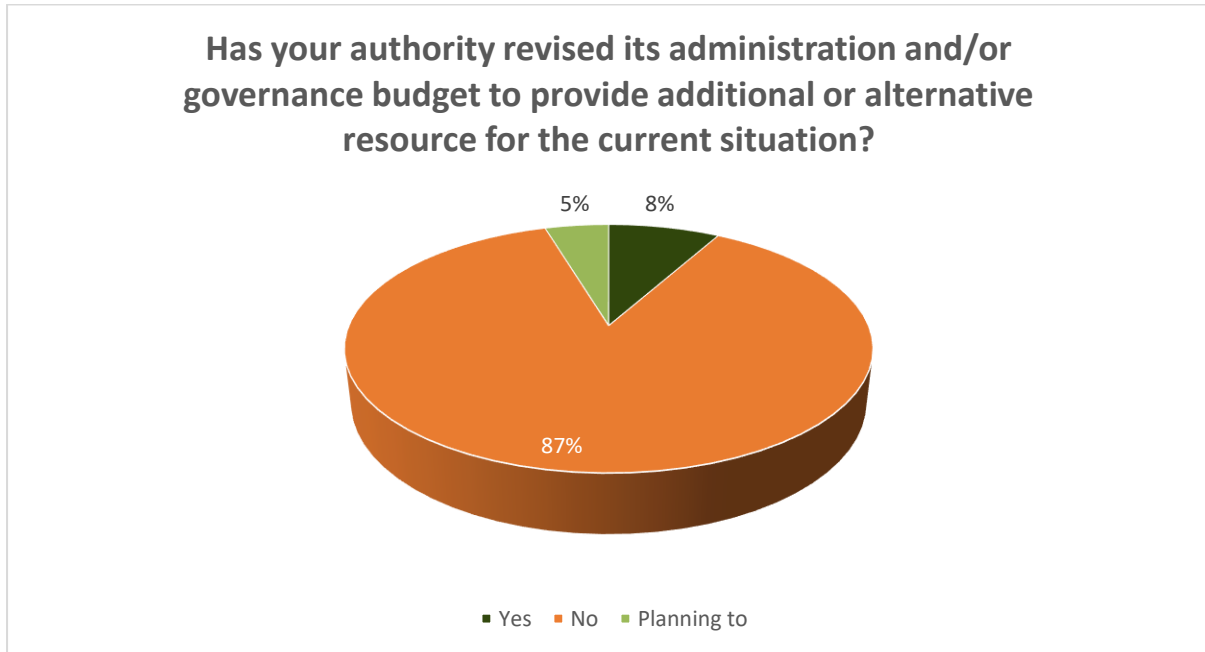
Yes	19%	16
No	54%	45
Planning to	27%	22

IOW response

Summary of comments:

In the main, those who have or are planning to revise their investment strategy would have done so anyway, either under regular planned reviews or following the E&W valuation. Some authorities are pausing their planned review whilst markets are still volatile.

Question 7 - Has your authority revised its administration and/or governance budget to provide additional or alternative resource for the current situation?



Yes	8%	7
No	87%	72
Planning to	5%	4

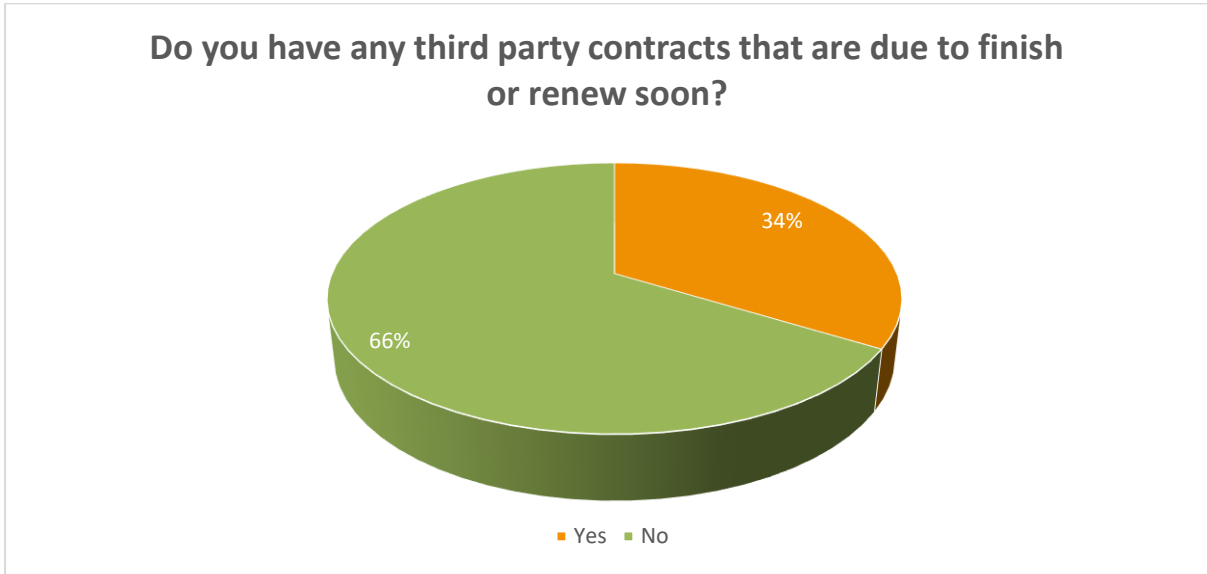
IOW response

Very few authorities appear to be revising administration and/ or governance budgets to deal with the current situation. However, this may have changed if a more recent 'live poll' taken at a PLSA webinar on Monday 18th May which indicated a 'yes or planning to' response of nearer 40% is correct.

Summary of comments:

Those authorities that are planning to revise budgets confirmed that they were doing to purchase additional IT and other equipment necessary to enable home working.

Question 8 - Do you have any third-party contracts that are due to finish or renew soon?



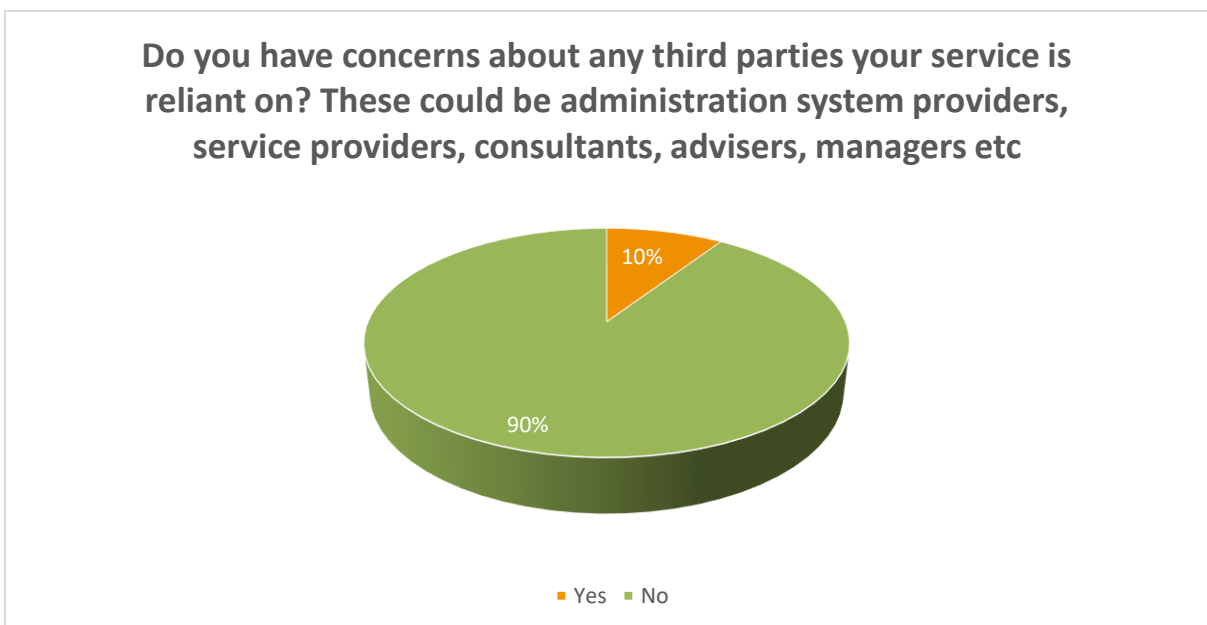
Yes	34%	28
No	66%	55

IOW response

Summary of comments:

In the main extensions are being utilised where a procurement process is not possible or problems are anticipated. Several authorities are still planning to re-tender using the National LGPS Frameworks and do not anticipate any issues.

Question 9 - Do you have concerns about any third parties your service is reliant on? These could be administration system providers, service providers, consultants, advisers, managers etc



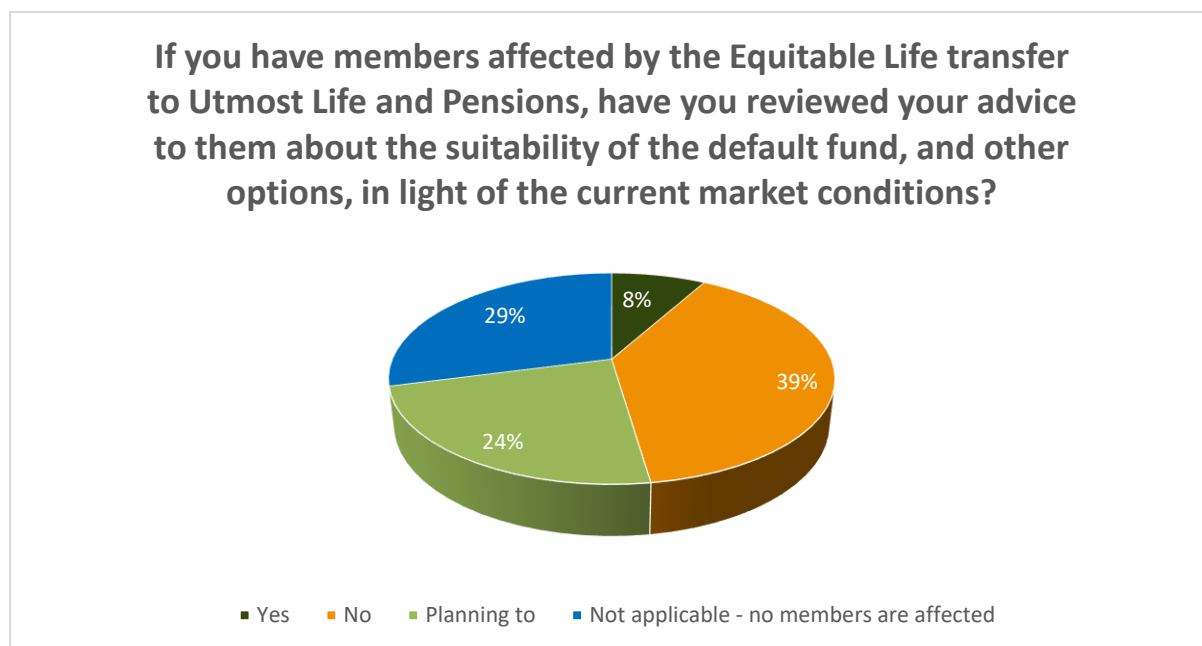
Yes	10%	8
No	90%	75

IOW response

Summary of comments:

The comments confirmed that the experience has been largely positive. Many have engaged with third party providers and have received assurance about service provision. Where respondents expressed concern, it was around performance level and the ability of the third party to maintain the same level of service provision with remote working.

Question 10 - If you have members affected by the Equitable Life transfer to Utmost Life and Pensions, have you reviewed your advice to them about the suitability of the default fund, and other options, in light of the current market conditions?



Yes	8%	7
No	39%	32
Planning to	24%	20
Not applicable - no members are affected	29%	24

IOW response

Around a third have or are planning to review advice; summary of comments below:

Several authorities confirmed they have written out with the facts of the transfer only and will not be providing advice. Some of those intend to highlight the ongoing market volatility and remind members that their funds are currently being held as cash (until 30 June).

Some authorities have reviewed their advice or are in the processing of doing so with their professional advisers or actuary. One authority commented that the majority of affected members are nearing retirement age so they will be looking to put them into very low risk investments.

Produced 21.5.2020

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