

Pension Advisory Board

7 September 2020

Regulations and Guidance Update

Report by the Chairman of the Pension Advisory Board

Executive Summary

Members of the Pension Advisory Board (PAB) are required to maintain a suitable level of knowledge and understanding in relation to the Scheme Regulations and Guidance and should maintain their awareness of developments in the regulatory framework.

This report provides an update on issues covered by the LGPC bulletins, by the Scheme Advisory Board at its meetings, by the Pensions Regulator and other guidance.

Recommendations

The Board is asked to note the current issues relating to Scheme Regulations and Governance.

1. Knowledge & Skills Resources

- 1.1 Access to the LGPS website remains the primary source of information on the LGPS regulations and guidance, and to changes under consideration or consultation. There are some developments outlined below.

2. LGPS Bulletins

- 2.1 Since the February, LGPC have issued six monthly bulletins, four of which were reported to the Board in June. Since June, the following have been issued:

July Bulletin 199 covering updates to LGA guides, including discretions, GAD 2020 data collection update, McCloud member FAQs published, and McCloud ABS wording agreed. Also, tPR updated COVID19 guides and their corporate plan published.

August Bulletin 200 covering McCloud data collection, MHCLG consultation on statutory underpin, HMT response on restricting exit payments, and Ministerial statement on survivor benefits.

- 2.2 Full details of these are available on the [LGPS website](#).

3. Scheme Advisory Board meetings

- 3.1 A meeting of the SAB was held (virtually) on 5 May 2020 and the reported outcome of their discussions was outlined in the June papers. The next meeting is due to be held on 25 August (deferred from 10 August). Based on the reports on the website for that meeting there is no further progress to report on the SAB initiatives.
- 3.2 The Investment Governance and Engagement Sub-Committee met (virtually) on 13 July 2020 following the cancellation of their meeting scheduled for 20 April. The main issues considered were:
- The Supreme Court judgement in favour of the Palestine Solidarity Campaign determined that in broad terms MHCLG can regulate how funds are invested (i.e. using the investment regulations) but cannot determine the choice of individual investments through guidance (i.e. on preparing the investment strategy statement). It is not clear where MHCLG now stand on Investment Strategy Statement (ISS) revised guidance.
 - Progress on the "A-Z of Responsible Investment" including the framework and structure. This now intends to provide a form of glossary and case studies but does not define 'fiduciary duty' as was originally intended.

4. The Pensions Regulator (tPR)

- 4.1 There are no further updates on the tPR website regarding the outcome of their 2019 survey, changes to Code of Practice 14, or their e-training facilities.

5. Scheme Changes

- 5.1 There have been a number of developments in the context of the Scheme Regulations. These have been summarised in Appendix A which has been prepared for the Pensions Committee.

6. Equality Impact Review

- 5.1 An Equality Impact Review is not required as there are no relevant decisions to be taken.

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Appendices

Appendix A – Scheme Changes

Background papers

None