

Report to Pension Advisory Board

26 July 2021

Regulations and Governance Update

Report by the Chairman of the Pension Advisory Board

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 a brief update on issues covered by the Local Government Pension Committee (LGPC) bulletins, by the Scheme Advisory Board (SAB) at its meetings, by the Pensions Regulator (tPR), and other guidance.

Recommendations

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

Proposal

1. Background and context

- 1.1 The Board receives updates on regulatory changes at each meeting but has decided that access to the websites for the Local Government Pension Scheme (LGPS), the Scheme Advisory Board (SAB), and the Pensions Regulator (tPR) provides an additional and valuable source of information on the LGPS regulations and guidance, and to changes under consideration or consultation.
- 1.2 Reviewing current developments not only improves knowledge and understanding but also enables the Board to keep pace with these developments as they are considered by the officers and reported to the Pensions Committee.

2. LGPS Bulletins and regulations

- 2.1 Bulletins issued by the LGPC since the last meeting are:

April Bulletin 209 with information on the online guide to Responsible Investment and a new requirement for exit payment data.

May Bulletin 210 with information on the Ministerial Statement on McCloud, the 2020 LGPS annual report and a SAB statement about local pension board meetings (see below)

June Bulletin 211 with information on the High Court judgement on exit payments, the SAB response to TPR's consultation on a new code of practice.

- 2.2 Full details of these are available on the LGPC website (www.lgpsregs.org) under "LGPC Bulletins". Other changes or potential changes to the regulations are addressed in the Administration report on the agenda.

3. Scheme Advisory Board/MHCLG outstanding issues

- 3.1 The impact of the COVID-19 pandemic continues to slow progress on a number of regulatory and guidance matters, and there is still a 'build-up' of regulatory matters requiring attention. A summary of these outstanding issues was reported to the Board at their last meeting.

- 3.2 The SAB last met on 10 May but has not yet published any information about the business discussed and there are therefore no further developments to report. Information about their past meetings and other issues is available on their website (www.lgpsboard.org).

- 3.3 As indicated above in regard to Bulletin No. 210, the SAB issued the following statement about meetings of local pension boards:

"We let you know in Bulletin 208 that legislation allowing remote council meetings would not be extended beyond 6 May 2021. The SAB is satisfied that this does not affect local pension board meetings. Having taken legal advice, the SAB's view is that:

- arranging a virtual meeting of a local pension board would facilitate the discharge of a local pension board's duty to conduct business during the pandemic, and*
- a local pension board therefore has the power to hold virtual meetings by virtue of regulation 106(8) of the LGPS Regulations 2013.*

In July 2020, the SAB encouraged reviewing and amending a local pension board's terms of reference to allow virtual meetings in emergency situations."

- 3.4 Their encouragement to review the terms of reference was made when the position on virtual meetings was new and untested. The officers' view currently is that such an amendment is not necessary.

4. The Pensions Regulator

- 4.1 The consultation on a new combined Code of Practice concluded at the end of May but it is not yet clear exactly how the code will apply to the LGPS or whether a separate LGPS version will be issued.
- 4.2 The findings of the tPR public service governance and administration survey 2020-21 have been issued and an extract of the key conclusions from the report are included in **APPENDIX A**. There are no significant differences from the position reported in 2020.

5. Other options considered (and reasons for not proposing)

- 5.1 N/A

6. Consultation, engagement and advice

- 6.1 N/A

7. Finance

- 7.1 N/A

8. Risk implications and mitigations

- 8.1 ***Failure of Board members to maintain a suitable level of knowledge and understanding*** – By having this report as a standing item for each Board meeting, members are kept abreast of developments.
- 8.2 ***New training requirements imposed on the Board in relation to compliance testing*** – monitoring new developments in this way should identify potential new requirements at an early stage.

9. Policy alignment and compliance

- 9.1 Integral part of agreed training strategy.

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Appendices

Appendix A - Public service governance and administration survey 2020-21 - Summary of key conclusions

Background papers

None