

Pension Advisory Board

11 February 2022

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 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.

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 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 Emails from the Local Government Association (LGA) announcing the issue of these Bulletins are forwarded to all Board members for early reference. Bulletins issued since the last meeting and issues of interest are:

November Bulletin 216 with information on a UN letter about investments in the Israeli settlement economy and an update on the code of transparency.

December Bulletin 217 related solely to LGPS issues in Scotland.

December Bulletin 218 with information on scheme member representation in asset pools, the Section 13 valuation report from the Government Actuary's Department (GAD), and revised SF3 statistics (statutory data returns).

- 2.2 A review of these Bulletins gives an indication that the day-to-day work of regulating and administering local government pensions is continuing at the detailed technical level but overall policy decisions on Scheme governance are not progressing. Full details 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.
- 2.3 To aid the monitoring of governance changes coming through the system, the Chairman prepared a briefing paper on the main issues, reported to the Board previously, expected to be brought forward by the Government in the coming year. A copy of the paper is attached as **Appendix A**.

3. Scheme Advisory Board/DLUHC outstanding issues

- 3.1 The SAB last met on 13 December and a summary note of the meeting, as published on their website is attached as **Appendix B**. Further information about this and their past meetings, and other issues is available on their website (www.lgpsboard.org).
- 3.2 The reference to the new Compliance and Reporting Committee is important as this will, as mentioned at previous meetings, replace the former CIPFA Pensions Panel. CIPFA guidance relevant to LGPS funds was prepared and updated by the Panel and is referred to in the statutory regulations, but it is not yet clear how this will be taken forward in governance and compliance terms.

4. The Pensions Regulator

- 4.1 The consultation on a new combined code of practice concluded at the end of May 2021 but due to the number of responses, the new Code is not expected to be published until the summer of 2022.

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 – Chairman's brief on outstanding governance issues

Appendix B – Summary note of the SAB meeting on 13 December 2021

Background papers

None