

Pension Advisory Board

14 November 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 by 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 are:
- 2.2. August Bulletin 228, September Bulletin 229, and October Bulletin 230.

- 2.3. None of these Bulletins contained any matters of significance to the Board's activities and technical details about the administration of the Scheme are covered in the Administration Report where appropriate.
- 2.4. 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.

3. Scheme Advisory Board/DLUHC outstanding issues

- 3.1. The SAB last met on 10 October but a summary note of the meeting has not yet been published on their website. Details of the agenda for this meeting and other issues is available on their website www.lgpsboard.org.
- 3.2. There has been no further visible progress on the major governance developments in the pipeline, apart from the proposed Task Force on Climate-Related Financial Disclosures (TCFD) requirements. A policy consultation paper was issued by DLUHC on 1 September with responses due by 24 November. A response from West Sussex was considered by the Committee on 2 November and is reported to this Board meeting under Part II of the agenda.
- 3.3. As indicated to the Board previously, it is anticipated that there will need to be some updating of references in the regulations to CIPFA guidance following the disbandment of the CIPFA Pensions Panel and the creation of the SAB's Compliance & Reporting Committee. The development of new and revised guidance is a key area for the Board to consider in terms of compliance.
- 3.4. It is relevant therefore for the Board to consider the actions of this Committee and a copy of their workplan is attached as **Appendix A** for ease of reference. In addition, an extract from the Committee's report to the SAB on 10 October is attached as **Appendix B**.
- 3.5. Some key points to note are:
 - CIPFA is engaging Isio (formerly KPMG Pensions) to contribute to the process of revising guidance.
 - Guidance will continue to be issued with the CIPFA 'badge' but under the auspices of the SAB Committee.
 - Future guidance will be issued free of charge.

3.6. A full copy of the report is available on the SAB website and this includes details of the various workstreams that have been set up.

4. The Pensions Regulator

4.1. The new combined Code has still not been published. It is not clear when this will now come into force or the precise implications for the LGPS. Further guidance on this from SAB and/or DLUHC may be forthcoming in due course.

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.

Peter Scales

Chairman of the Pension Advisory Board

Contact Officer: Adam Chisnall, Democratic Services Officer, 033 022 28314
adam.chisnall@westsussex.gov.uk

Appendices

Appendix A – SAB's Compliance and Reporting Committee Workplan

Appendix B – An extract from the report of the Compliance & Reporting Committee to the Scheme Advisory Board meeting on 10 October

Background papers

None