

## **Report to Pension Advisory Board**

**10 February 2023**

### **Regulations and Governance Update**

#### **Report by the Chairman of the Pension Advisory Board**

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### **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 Scheme (LGPS) bulletins, by the Scheme Advisory Board (SAB) at its meetings, by the Pensions Regulator (tPR), and by other guidance.

### **Recommendations**

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

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### **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 Local Government Pension Scheme (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:

November Bulletin 231 (LGA Training Programme) and December Bulletin 232 (National LGPS Frameworks December News).

- 2.2 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.
- 2.3 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](http://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 5 December and a summary note of the meeting has been published on their website. A copy of this note is provided in Appendix A for ease of reference.
- 3.2 While it would appear that discussions with officials in the Department for Levelling Up, Housing and Communities (DLUHC) are progressing, and that there is a will to take forward most of the recommendations from the Good Governance Review, there is no indication yet of when draft proposals will be put out to consultation. Furthermore, there has been no response from DLUHC to their consultation on the proposed Task Force on Climate-Related Financial Disclosures (TCFD) requirements.
- 3.3 Until such time as the DLUHC gives a firm indication of their plans to progress these governance related initiatives, it not possible for the Pensions Committee and then the Board to consider the implications for compliance. The 'bottleneck' in policy development persists.

### **4. The Pensions Regulator**

- 4.1 The new combined Code has still not been published and in a recent conference, tPR were not able to say when this would be available. They did say that they are "*confident that the LGPS will respond well to this*" and that "*well-run pension schemes should not be concerned*". It was also confirmed that "*the new code is a lot tidier than the version released for consultation*".
- 4.2 At that same conference, the representative from tPR listed the "*tsunami of regulatory challenges coming down the line, including the new single code of practice, the pensions dashboard and managing cyber risk. On cyber risk, the LGPS is a very large and important scheme and so will be in the crosshairs of cyber criminals*".
- 4.3 Along with this "tsunami", tPR has issued its Public Service Governance and Administration Survey 2022-23. This is a somewhat simplistic survey covering all public service schemes and from which in the past, tPR has drawn some simplistic assumptions. It is important for the Board to be aware of the response from West Sussex which is attached as **Appendix B**.

**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 – Summary note of (hybrid) meeting of the SAB on 5 December 2022

Appendix B – Response to tPR's Public Service Governance and Administration Survey 2022-23 – To Follow

**Background papers**

None