

Report to Pension Advisory Board

22 May 2023

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 Scheme (LGPC) bulletins, by the Scheme Advisory Board (SAB) at its meetings, by the department for Levelling Up, Housing and Communities (DLUHC), the Pensions Regulator (tPR), 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 Pension Advisory 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 Emails from the Local Government Association (LGA) announcing the issue of these Bulletins are forwarded to all Board members for early reference, and any matters of significance to the Board's activities are drawn to the attention of members.
- 2.2 Full details of the Bulletins are available on the Local Government Pensions Committee (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 20 February 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 The note provides an update of progress on certain developments at the time of their meeting. They refer to slow progress with Department for Levelling Up, Housing and Communities (DLUHC) and their survey regarding work to revise the current guidance on knowledge and understanding requirements. Their next meeting is on 22 May 2023.
- 3.3 The Spring Budget referred to planned action in relation to pooling, mainly to ensure faster progress in achieving 100% investment in pools and to have a smaller number of larger sized pools by investment value. Statements in the public domain indicated an expectation of a consultation being issued around Easter but it is not yet clear as to the extent of regulation changes and/or revisions to the DLUHC guidance. Such new requirements may pose new compliance issues.

4. The Pensions Regulator

- 4.1 The new combined Code, now called the "General Code" is expected to be laid before Parliament soon for a period of 40 days before the new requirements come into force. The Board will be updated on any progress.

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 20 February 2023

Background papers

None