

Report to Pension Advisory Board

28 July 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), 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.

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 SAB, and 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. The most recent was Bulletin 239 in June.
- 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 22 May 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 and provides an update of progress on certain developments at the time of their meeting.
- 3.2 The Spring Budget referred to planned action in relation to pooling, and a consultation was announced in the Chancellor's Mansion House speech on 10 July and published the following day. The consultation is to last for 12 weeks and will conclude on 2 October.
- 3.3 Unfortunately there has not been sufficient time to report to the Board on any details at this stage but the Committee's response will be reported to the Board at its next meeting. The consultation is primarily about investment issues which are beyond the Board's remit but there are governance and compliance issues that will need to be addressed. The report to the Pensions Committee on the consultation is attached **Appendix B**.
- 3.4 The SAB has recently issued the Scheme Annual Report 2022 which combines the information from the annual reports of all LGPS funds in England and Wales. A copy of the Chairman's statement is provided in **Appendix C** and details of the report can be accessed on the SAB website.
- 3.5 As reported previously, two members from the local pension board of each participating authority in the ACCESS Pool have been invited to attend a meeting of the Joint Committee as observers on a rota basis. Rebecca Caney and Richard Cohen attended a meeting recently and will provide some oral feedback at the meeting.

4. The Pensions Regulator (tPR)

- 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. There is nothing further to report on the new Code at this stage.
- 4.2 tPR has issued a survey on equality, diversity and inclusion (EDI) to pension board members for completion by 4 August. The Chairman will complete the survey and report to the Board orally.

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

N/A

6. Consultation, engagement and advice

N/A

7. Finance

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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Chairman of the Pension Advisory Board

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Appendices

Appendix A – Summary note of (hybrid) meeting of the SAB on 22 May 2023

Appendix B – Consultation on Local Government Pension Scheme (England & Wales): Next Steps on Investments

Appendix C - Scheme Annual Report 2022 – SAB Chair's Statement

Background papers

None

