

Report to Pension Advisory Board

13 November 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 (LGPS) 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 242 in September.
- 2.2 Full details of the Bulletins are available on the Local Government Pensions Committee (LGPC) website (www.lgpsregs.org) under "LGPS 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 17 July 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 Subsequent to that meeting, the SAB Compliance and Reporting Committee (CRC) met on 23 October. A note of that meeting is not yet available but a report on their agenda – Item 10 – Paper E – Workstream Update – is attached as **Appendix B**.
- 3.3 This paper provides a useful update on progress being made on a number of reviews of current guidance and other governance issues. The outcome of these reviews will be of interest to the Board in considering changes in compliance requirements.
- 3.4 As mentioned in the Business Plan update report (Item 7 on the agenda), the DLUHC issued a consultation on “The Next Steps on Investments” on 11 July and this was reviewed by the Board at their July meeting. Subsequent to that, the Chairman provided informal comments on a draft response from the West Sussex Pension Fund and the final response was submitted by the deadline of 2 October.
- 3.5 A copy of that response is included in a report to the Committee at their meeting on 1 November which is attached to this report as **Appendix C** for the Board to review.

4. The Pensions Regulator (tPR)

- 4.1 The new combined Code, now called the “General Code” has still to be laid before Parliament before the new requirements can come into force. A copy of the draft in its final form has not been published and there is nothing further to report on the new Code at this stage.
- 4.2 However, the new Code will need to be considered by both the Committee and the Board, and it seems likely that there will be a limited timescale for compliance due to the delay in this whole process. This will represent a major piece of work.

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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Appendix A: Summary note of (hybrid) meeting of the SAB on 17 July 2023

Appendix B: Paper from SAB Compliance and Reporting Committee, Paper E

Appendix C: Report to the Pensions Committee on 1 November 2023 on the response to the DLUHC consultation on “The Next Steps on Investments”.

Background papers

None