

Report to Pension Advisory Board

13 November 2020

Regulations and Guidance 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 an update on issues covered by the LGPC bulletins, by the Scheme Advisory Board at its meetings, by the Pensions Regulator, and 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 has decided that access to the websites for the LGPS, the Scheme Advisory Board (SAB), and the Pensions Regulator (tPR) remains the primary 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 The most recent Bulletin that the LGPC have issued is:

September Bulletin 202 covering GAD guidance and the consultation on exit payments.

2.2 The LGP Amendment No.2 Regulations came into force on 23 September 2020. These cover the scope for intra-valuation amendments to contribution rates and deferring exit payments.

2.3 Full details of these are available on the LGPC website (www.lgpsregs.org) under "LGPC Bulletins".

2.4 Other changes or potential changes to the regulations are addressed in the Administration report – Item 10 on the agenda. Recent reports in the media allude to potential legal action by local authorities against the Government on the timing of the introduction of the £95k exit cap.

3. Scheme Advisory Board (SAB) meetings

3.1 A meeting of the SAB is due to be held (virtually) on 2 November 2020 but the reported outcome of their discussions will not be available in time for this meeting. The papers for the meetings and recent committee meetings are available on their website (www.lgpsboard.org) and include references to these key issues:

McCloud and **£95k cost cap** updates – see Agenda Item 10

Good Governance Project update – Examples of draft implementation advice and documentation on key performance indicators, senior officer role, new Governance Compliance Statement, and the proposed independent governance review/audit process are set out in the papers. These are due to be finalised by 2 November for issue to working group members. Feedback period is to close by 8 January and all deliverables finalised by 22 January for the SAB meeting on 8 February. Subject to review by the Pensions Committee, these will be considered at the next Board meeting.

Responsible Investment Guidance – SAB has agreed to procure a web design team to build the online A to Z guidance and to establish a Responsible Investment Advisory Group (RIAG) to act as both an editorial board for future editions and as advisers to SAB on responsible investment.

Local pension board indemnity cover – to request information from LPBs in the next survey on any claims made under their indemnity cover.

Climate-related financial disclosure – In response to the recent Pensions Schemes Bill as enacted, the implications for LGPS funds are being monitored.

4. The Pensions Regulator

4.1 There are no further updates on the tPR website regarding the outcome of their 2019 survey, changes to Code of Practice 14, or their e-training facilities.

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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Appendices

Appendix A - Pensions Committee report on Scheme Changes – 23/10/20

Background papers

None