

# Pension Board

**Date: Tuesday, 22nd March, 2022**

**Time: 10.00 am**

**Venue: Virtual Meeting - Zoom - Public Access via  
YouTube**

**<https://www.youtube.com/bathnescouncil>**

**Board Members:** Nick Weaver, Helen Ball (Member Representative), Steve Harman (Employer Representative), Mark King (Member Representative), David Yorath (Member Representative), Tony Whitlock (Employer Representative), Stuart Anstead (Employer Representative) and Alison Wyatt (Member Representative)

Chief Executive and other appropriate officers  
Press and public



**Mark Durnford**

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## NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

## 3. Recording at Meetings:-

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control. Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators. We request that those filming/recording meetings avoid filming public seating areas, children, vulnerable people etc; however, the Council cannot guarantee this will happen.

The Council will broadcast the images and sounds live via the internet [www.bathnes.gov.uk/webcast](http://www.bathnes.gov.uk/webcast). The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

## 4. Public Speaking at Meetings

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

**Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.**

Further details of the scheme can be found at:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

## 5. Emergency Evacuation Procedure

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

## 6. Supplementary information for meetings

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

**Pension Board - Tuesday, 22nd March, 2022**

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**A G E N D A**

1. EMERGENCY EVACUATION PROCEDURE
2. APOLOGIES FOR ABSENCE
3. DECLARATIONS OF INTEREST
4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR
5. ITEMS FROM THE PUBLIC
6. ITEMS FROM MEMBERS
7. MINUTES OF PREVIOUS MEETING: 30TH NOVEMBER 2021 (Pages 5 - 14)
8. UPDATE ON LEGISLATION (Pages 15 - 56)

The purpose of this report is to update the Local Pension Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration.

9. PENSION FUND ADMINISTRATION (Pages 57 - 72)

The purpose of this report is to present the Fund's performance for the three months to 31st December 2021 against its key performance indicators (KPI's) in relation to the administration of pension benefits.

10. BRUNEL UPDATE (VERBAL UPDATE)
11. RISK MANAGEMENT UPDATE - RISK REGISTER (Pages 73 - 78)

The purpose of this report is to update the Pension Board with the latest risk register.

12. PENSION BOARD - TRAINING AND WORK PLAN UPDATE (Pages 79 - 86)

The purpose of this report is to receive regular updates on Training and Work Plan issues from the Board and request high level training needs from Board Members.

The Committee Administrator for this meeting is Mark Durnford who can be contacted on 01225 394458.

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**BATH AND NORTH EAST SOMERSET**

**PENSION BOARD**

Tuesday, 30th November, 2021

**Present:-** Nick Weaver (Chair), Helen Ball (Member Representative), Steve Harman (Employer Representative) and David Yorath (Member Representative)

**Observers:** Stuart Anstead and Alison Wyatt

**Also in attendance:** Tony Bartlett (Service Director - Financial Control and Pensions), Jeff Wring (Service Director - One West), Geoff Cleak (Pensions Manager), Anna Capp (Member Services Manager), Claire Newbery (Employer Services Manager), Carolyn Morgan (Governance and Risk Advisor) and Jason Morel (Communications & Marketing Manager)

**29 WELCOME & INTRODUCTIONS**

The Chair welcomed everyone to the meeting. He informed those present that Pete Sloman had now stood down as a Board member due to retiring from Weston College.

He explained that Stuart Anstead was to be his replacement and that he and Alison Wyatt were attending as observers ahead of becoming Board members on 1<sup>st</sup> December 2021 and 1<sup>st</sup> May 2022 respectively.

**30 APOLOGIES FOR ABSENCE**

Tony Whitlock and Mark King had both sent their apologies to the Board for this meeting.

**31 DECLARATIONS OF INTEREST**

There were none.

**32 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

**33 ITEMS FROM THE PUBLIC**

There were none.

**34 ITEMS FROM MEMBERS**

There were none.

**35 MINUTES OF PREVIOUS MEETING - 21ST SEPTEMBER 2021**

The Board approved the minutes of the previous meeting.

## 36 UPDATE ON LEGISLATION

The Pensions Manager introduced this report to the Board and highlighted the following areas from within it.

### Public Sector Exit Payments Cap

He gave a brief summary of the process so far.

On 10<sup>th</sup> April 2019, HMT launched a consultation called 'Restricting exit payments in the public sector: consultation on implementation of the regulations'. The key points in the consultation were as follows:-

On 4<sup>th</sup> November 2020 implementation of the £95k cap began.

On 12 February 2021, HMT published the Exit Payment Cap Directions 2021 disapplying parts of the Restriction of Public Sector Exit Payment Regulations 2020 with immediate effect, meaning the exit cap no longer applies to exits that take place on or after 12 February 2021.

A new consultation in relation to the Public Sector Exit Payments Cap is expected to be released in early 2022. However, unlike the previous exit cap, there won't be a single set of regulations from HMT that will apply and there will be different solutions across the Public Sector, including for the LGPS.

Statutory guidance in relation to "special severance" payments that apply to local authorities is expected soon following the consultation that ended in August.

### McCloud Judgment

The Public Sector Pensions and Judicial Offices Bill got its second reading in the House of Lords in September and moved to the Committee Stage on 11 October 2021, followed by the Report Stage on 29 November.

Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.

Outside of the LGPS, a framework set out by the FBU and LGA in relation to the McCloud Judgment in the Firefighter Schemes requires "Immediate Detriment" cases to be processed in the coming weeks.

Fund to consider resource implications of the need to process Immediate Detriment cases in the Firefighter Scheme.

### General

At a recent Pension Manager's Conference it was highlighted that there are around 15 items coming through for the LGPS to deliver.

He informed the Board that the Ministry for Housing, Communities and Local Government (MHCLG) will become the Department for Levelling Up, Housing and Communities (DLUHC).

The Pension Board **RESOLVED** to note the current position regarding the developments that could affect the administration of the fund.

## **37 PENSION FUND ADMINISTRATION - OVERVIEW & SUMMARY PERFORMANCE REPORT**

The Pensions Manager introduced this report to the Board and highlighted the following points to them.

### Workload

There has been an increase in new monthly tasks over the previous 18 months from circa 1,800 to 2,200 tasks per month with the current outstanding cases totalling 4,980 (an increase of 87% since March 2020). The main volume of work is with member refunds, active member retirements and retirements from deferred status. Member estimate requests have increased by 40% over the same period. General enquiries also remain high in volume and a number of these identified as duplicate chasers.

As outlined in the previous quarterly report a project has now been set up to manage the outstanding workload. The project will run for a period of 6 months from October to March with the aim being to clear down all 'backlog' cases. Some degree has been cleared already, around 40%.

### Resource Recruitment & Training

Recruitment and retention remain a key factor impacting business operations. With a further 2 resignations in the past quarter the administration team is currently carrying 8.5 vacancies across both employer and member services teams in addition the Technical & Compliance post remains vacant and posts identified to support service transformation are still in development. The team is also carrying four maternity leave absences across the service at this time.

As such the agreed phased recruitment plan is behind schedule as staff movement continues to impact progress. Recruitment continues to backfill vacant posts, maternity cover and secondment to projects and overstaffing is being considered at Assistant Pensions Officer level to mitigate the impact of further staff movement.

### Annual Summary of Fund Membership Data Quality

This report shows the movement in the Fund's data from when it was first reported on in 2017 against this year's interim valuation data as at 31 March 2021. There has been continuous growth in the Fund over the last 12 months and a significant increase of 62 new employers since the last valuation in 2019.

The Liability Impact table shows the financial impact of missing or incorrect data and the direct cost to scheme employers. Since 2017, the Fund has managed to achieve

a reduction in the overall pension liabilities for employers of over £30 million. The Employer Services team will be using the data from the 2021 report to target data areas that are causing a significant impact on liability and smaller employers with poor data.

### Address Tracing

The members that have been previously written to but no response received have been sent a reminder letter in October 2021 and replies are starting to be received. The members that have not been found by the first 2 levels of tracing will shortly be sent to the tracing agency (via Mercer) for a third and final “premium batch” trace service.

After this 3rd level of tracing a process will be agreed in place to deal with untraced members and to review cases again at Normal Pension Age. Tracing pension members and keeping member addresses up to date is a key requirement of the TPR and data cleansing must continue to form part of our BAU processes.

### McCloud

The initial project started in December 2020 and to date we have completed data collection for just under 50% of APF employers. The membership completed number is proportionately lower as we have seen returns in the main from smaller employers. Two larger Unitary Authority employers that require data remedy are yet to make a data return which covers just over 7,000 members. We are working with these UA's to ensure they make data returns by 31/12/2021.

### Service Plan

Digital Transformation – Not quite where we want to be and this is likely to have an impact on delivery timetable. A number of other key projects are in progress.

### Accommodation

Positive meetings held over the past month with regards to alternative long term office space. Redevelopment of Keynsham Civic Centre has commenced with access only to one single floor currently. Short term allocation of six work-stations, with potential to use between an additional 2-10 daily through agreement with other service areas.

### Information Technology

Expecting to be part of the next phase laptop rollouts.

### i-Connect

Since Year End progress has been made to push all small employers to use Online Returns within IC. We now have 100 employers using online returns. We have identified 19 groups of employers including payroll providers to onboard, 4 of which would cover the majority of our active membership. These 4 groups (payroll providers) are now the focus of the project for extract development and onboarding.



Alison Wyatt asked what main issues behind the delay were in receiving new IT equipment, was it funding, priority or supply.

The Service Director for Financial Control and Pensions replied that there had been supply issues initially, but these had now been resolved. He added that a phased rollout across the Council had been agreed and that they were expected to be within the third phase which would take place around February / March. He said that it had been possible to advance receipt in some cases for team members.

Helen Ball commented that she found the Mercer report informative and that she was pleased with the progress of the address tracing project. She also praised the work of the backlog project.

Stuart Anstead asked what consideration the team has given to automation technology such as digital post.

The Pensions Manager replied that a gap analysis was being undertaken to see what processes can be utilised. He said that during the pandemic some automation had taken place, but further work was needed to progress requirements.

The Chair asked how the team decides what to prioritise and how can the Board support the decisions that are made.

The Pensions Manager replied that they do look to prioritise their workload as much as possible and that there is regular contact between the managers and the service teams. He added that he felt there may be a consideration needed to outsource some work to consultants over the next 6 – 12 months.

The Chair asked if support was available for internal staff to progress their career.

The Pension Manager replied that there was and they have always tried to promote and retain staff as much as possible within the team.

The Service Director for Financial Control and Pensions said that it was probably going to be towards the middle of 2022 before a 'new normal' was in place. He said that certain pressures will probably remain on the team for some time as even pre-pandemic it took around two years to fully train a Pensions Officer.

He added that they do review the Service Plan on a regular basis and that capacity within the team was required to implement any new available technology.

Stuart Anstead asked if a long-term outsourcing relationship should be put in place to try to smooth out the current problems.

The Service Director for Financial Control and Pensions replied that they do have some framework arrangements in place but was aware that they also have their own delivery challenges.

Alison Wyatt commented that from viewing a recent advert she felt that team members were being asked to do quite a lot within their roles for the salary. She asked where were job adverts mainly advertised.

The Pensions Manager replied that they were advertised on the Council's website and they are also posted on the LGA website to advertise more widely.

Alison Wyatt asked if they had considered using an agency to advertise posts.

The Pensions Manager replied that they have done so in the past, although not on a regular basis.

The Chair commented that on behalf of the Board he would like to thank all the staff for the work they have done and continue to do.

The Board **RESOLVED** to note the Fund performance for the three months to 30th September 2021.

### **38 BRUNEL UPDATE (VERBAL ITEM)**

The Service Director for Financial Control and Pensions addressed the Board.

He said that Brunel had recently launched their Paris aligned Fund that includes companies with active plans to decarbonise.

He stated that following COP 26 they were awaiting the intentions of the Government with interest and would be monitoring investments in renewables and green energy.

He said that they were implementing a new reporting system and that performance had been strong, achieving its objectives in benefits and cost savings.

The Board **RESOLVED** to note the update.

### **39 BREACHES REPORT**

The Governance & Risk Advisor introduced the report to the Board. She explained that between November 2020 and October 2021 no incidents were reported to the Information Commissioner's Office (ICO) or The Pensions Regulator (TPR).

Stuart Anstead commented that the figure relating to 5 year refunds seemed quite high.

The Governance & Risk Advisor replied that this not just an issue within our Fund and it was a case of finding / gaining a response from the members in question. We are also expecting a change to legislation so that such cases are not treated as a breach in future.

Alison Wyatt asked if the refund could be generated when their leaver's form is completed.

The Governance & Risk Advisor replied that the member needs to provide their bank details as the money belongs to the Fund not the employer.

The Board **RESOLVED** to note the report.

#### **40 STATUTORY REPORTING AND YEAR END**

The Pensions Manager introduced this report to the Board and highlighted the following areas from it.

In preparation the Fund must undertake an annual exercise to reconcile member data supplied by employers at each 31st March year end. There are 459 active employers of which 273 provide member data digitally to the Fund on a monthly basis covering 76% of active scheme membership. The remaining employers continue to provide data annually.

For the purpose of data accuracy, the digital monthly employer returns undergo a reconciliation process on a continuous basis. Where the employer annually submits a data return it invariably will require further scrutiny and employer engagement to reconcile. The Fund is aiming to digitalise all employer returns as part of its published Administration Strategy.

Public service schemes have a legal obligation to supply the Pensions Regulator (TPR) annually with certain information via a scheme return. The information required includes scheme details, employer details and governance details. All information is completed and submitted to TPR via the online service exchange.

The Board **RESOLVED** to note the report.

#### **41 APF COMMUNICATIONS UPDATE (PRESENTATION)**

The Communications & Marketing Manager addressed the Board and gave a presentation, a copy of which will be available as an online appendix to these minutes and a summary is set out below.

##### Climate Emergency ESG communications

- Member newsletters distributed in Spring / Summer 2020 and Spring / Summer 2021
- Climate change targets / equity review press release

##### Climate Emergency animation

- Climate Emergency animation - accessible explanation of our actions and future strategy for responsible investment
- Over 500 views so far - distributed via LinkedIn, email, website and staff newsletters

##### ESG eZine - Climate Emergency

- Includes: Our Climate Action, About COP26 and a Case Study

- Distributed via LinkedIn, email and website

#### Members' ESG survey

- 41,365 emails delivered - 3,668 completed surveys (8.8%)

#### APF LinkedIn account

- APF LinkedIn account launched November - Communication channel to reach scheme employers

#### APF 2021 Annual Benefit Statements

- June 2021 - Deferred members ABS available online for the first time
- 810 members accessed their ABS digitally
- As part of the digital transformation process this facility will be extended to Active MSS members in August 2022

The Chair thanked the Communications & Marketing Manager for his presentation on behalf of the Board.

## **42 RISK MANAGEMENT UPDATE - RISK REGISTER**

The Governance & Risk Advisor introduced this report to the Board. She informed them that following the quarterly review of the risk register the following changes were made:

### **(i) R66 - Pensions Dashboard**

A new risk was added to the register to represent the risk to the Fund of not being ready for the implementation of the Pensions Dashboard. The Fund will be in breach of the regulations if it is not able to go live by the compulsion date, likely to be between Sept 2023 & March 2024. The risk of not being ready is currently a relatively low risk as preparations have started. A Project lead officer has been appointed & a project plan is in place. The focus of the project will be data quality, reducing backlogs and ensuring resources & processes are in place to deal with the expected increase in member queries following the implementation date. A data protection impact assessment will also be carried out.

### **(ii) R63 – McCloud/Sargeant Judgements**

The impact of the McCloud risk has been increased to (5) almost critical, to represent the significant additional workload to the administration team caused by the fire immediate detriment decision.

### **(iii) R28 – Recruitment of Staff**

Although phase 3 of the recruitment project is complete, the risk has been retained at its current high level due to the continuing difficulties of recruiting staff. The Technical & Compliance Advisor role has not been filled, two other resignations have been received and there are still a few posts to backfill due to internal promotions.

#### (iv) R08 – Internal Controls

There was no change to the risk score but following the completion of the last year's internal audit work, reports on IConnect, Scheme of delegation, Altair IT System, Risk Management & COP14, all received an assurance level of 4 'Good'. A full report was reported to the Pension Board in September 2021 and will be reported to the Pensions Committee in December 2021.

The Board **RESOLVED** to note the report.

### 43 PENSION BOARD - TRAINING AND WORK PLAN UPDATE

The Governance & Risk Advisor introduced this report to the Board and highlighted the following points to them.

#### Modern Gov & Library

- The proposal is to ask all Pension Board members to access meeting papers via Modern Gov from January 2022 onwards.
- It is intended that some of the more routine monitoring reports will be available on the Modern Gov library and will not form part of the meeting reports pack.

#### Hyman's LGPS Online Learning Academy (LOLA)

- The SAB's Good Governance Review is expected to include additional knowledge and skills requirements for Committee, Pension Board and Officers. Hymans Robertson have been working with the SAB to develop these requirements and have produced an LGPS Online Learning Academy (LOLA).
- The training has been designed so that it can be done in bite sized chunks, including supplementary information, such as definitions of common jargon, links to additional learning material and a short quiz at the end of each module.
- The Fund has arranged for Hymans to do a short demonstration of LOLA on 17th December 2021 at 2pm.

The Chair asked if Board papers would remain accessible to the public.

The Governance & Risk Advisor replied that they would, however the reports on the library would be private. If something from the library needed to be discussed at the meeting it would be included in the meeting report.

The Service Director for Financial Control and Pensions commented that these proposals would be monitored on an ongoing basis.

The Board **RESOLVED** to:

- (i) Note the workplan & training plan for 2021/22
- (ii) Note the changes to accessing future meeting reports
- (iii) Agree the proposal to complete modules from the Online Training Academy

The meeting ended at 11.58 am

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

Bath & North East Somerset Council		
MEETING	AVON PENSION FUND LOCAL PENSION BOARD	
MEETING	22 March 2022	Agenda Item Number
TITLE:	Update on Legislation	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Current matters affecting LGPS administration 9 February 2022		

## 1 THE ISSUES

- 1.1 The purpose of this report is to update the Local Pension Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration. An updated list is included in Appendix 1.

## 2 RECOMMENDATION

The Board is asked to;

- 2.1 Note the current position regarding the developments that could affect the administration of the fund.

## 3 THE REPORT

- 3.1 The table below provides a summary of the main regulatory updates since the last meeting, including brief comment on what the implications are for the Fund and what next steps will be. Further details can be found in the updated list attached at **Appendix 1** and also via the following text path - Modern Gov/Library/Avon Pension Fund/2021-2022 Quarter 04/01 Regulatory Update.
- 3.2 Alongside the matters listed in the table below, this also includes an update on the following matters: Cost Management, Minimum Pension Age, and Responsible Investment. Additional items have been included relating to Academy Consolidation, State Pension Age and Levelling Up given further developments expected in the coming months.

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
<b>McCloud Judgment / Cost Management</b>	<p>The Public Sector Pensions and Judicial Offices Bill has completed its passage through the House of Lords and has had its first two readings in the House of Commons. It is now at Committee stage and as part of this, several amendments to the Bill relating to the LGPS, in particular with regard to eligibility criteria, have been published.</p> <p>Outside of the LGPS, a Judicial Review brought by the Police Superintendents Association in relation to the McCloud Consultation process has been dismissed.</p> <p>A joint judicial review brought by 6 trade unions in relation to the inclusion of McCloud in the Cost Management process has also been submitted.</p>	<p><a href="https://bills.parliament.uk/bills/3032">https://bills.parliament.uk/bills/3032</a></p> <p><a href="https://public.rm.pbc.0121.fm/parliament.uk">public.rm.pbc.0121.fm (parliament.uk)</a></p>	<p>Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.</p> <p>The Fund was already collecting data across all members in service on/before 31 March 2012 (not just on 31 March 2012) in readiness for the amendment to the bill that has now emerged.</p>
<b>Transfer Values</b>	<p>In November 2021, following on from the Pension Schemes Act 2021, the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 were laid and came into effect from 30 November 2021.</p> <p>The regulations introduce further legal restrictions on a member's statutory right to transfer and further guidance and draft documentation has since been produced by TPR and the LGA to assist administering authorities with fulfilling their duties to ensure the requirements set out on the regulations are met.</p>	<p><a href="https://www.legislation.gov.uk/ukdsi/2021/0005/engandwel/pdf/2021-0005-1">The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 (legislation.gov.uk)</a></p>	<p>Since coming into Force, the administration team have been updating processes / templates based on the guidance available from TPR and LGA.</p> <p>Alongside this, the administration team is ensuring that processes for dealing with overseas and AVC transfers are also updated in light of latest LGA guidance, and to also begin preparing for changes expected to emerge from the "Stronger Nudge to Pensions Guidance" consultation.</p> <p>The extra requirements have increased the time taken to process transfer value cases for the administration team and hence there may be implications on KPIs and resource needed for other</p>



			projects, which will need to be monitored going forwards.
<b>The Pension Dashboard</b>	<p>DWP launched a consultation on the draft Pensions Dashboards Regulations. The consultation closes on 13 March 2022.</p> <p>A number of other publications and announcements from the PDP have also been released since the latest update, alongside an A-Z guide from the PLSA setting out 26 key issues that need to be resolved to ensure pension dashboards are a success.</p>	<p><a href="https://www.gov.uk/government/consultations/pensions-dashboards-regulations-2022">Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022 - GOV.UK (www.gov.uk)</a></p> <p><a href="#">UK Pensions Dashboards Programme   Homepage</a></p> <p><a href="#">PLSA publishes 'Pensions Dashboards A-Z' to guide industry to decisions required for initial dashboards   Pensions and Lifetime Savings Association</a></p>	<p>The Fund has recently appointed a dedicated Pensions Dashboard officer to work will continue to ensure the Fund is prepared for the requirements of the new regulations once they are published e.g. data quality, ISP considerations and ensuring sufficient resource is available.</p>

## **4 FINANCIAL IMPLICATIONS**

- 4.1 The administrative and management costs incurred by Avon Pension Fund are recovered from the employing bodies through the employer's contribution rates.
- 4.2 Any other specific financial implications will be reported as appropriate.

## **5 RISK MANAGEMENT**

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

## **6 EQUALITIES STATEMENT**

- 6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

## **7 CLIMATE CHANGE**

- 7.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 None

## **9 CONSULTATION**

- 9.1 The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance representing the administering authority.

<b>Contact person</b>	<i>Geoff Cleak, Pensions Manager; Tel 01225 395277</i>
<b>Background papers</b>	<i>LGA Bulletins SAB Meeting Minutes National Technical Group Meeting Minutes</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

## List of current developments affecting or expected to affect Scheme Administration – February 2022

Organisation	Item	Details	Status
HMT / MHCLG	Public Sector Exit Payments Cap / Consultation on Further Reform to Exit Payments	<p><b>Risk Register Item – R53</b></p> <p><b>Previous Updates:-</b></p> <p><b>November 2021</b> - It's expected that a new consultation in relation to the Public Sector Exit Payments Cap will be released in early 2022. However, unlike the previous exit cap, there won't be single set of regulations from HMT that will apply and there will be different solutions across the Public Sector, including for the LGPS.</p> <p>Statutory guidance in relation to "special severance" payments that apply to local authorities is expected soon following the consultation that ended in August.</p> <p><b>On 2 July 2021</b>, following a request for data from local authorities in April 2021, MHCLG published its first summary of exit payment data covering 2019-20 and 2020-21. Initial indications are that the average exit payment made in 2020-21 across local authorities was £26,000 including pension strain. Further details can be found <a href="#">here</a>.</p> <p><b>Also, on 2 July 2021</b>, Although not directly linked to the exit payments cap, MHCLG commenced a consultation on statutory guidance in respect of "special severance" payments that apply to local authorities i.e. over and above statutory entitlements. The consultation ended on 13 August 2021 and an outcome is awaited. A copy of the LGA's response to the consultation can be found <a href="#">here</a>.</p> <p><b>On 9 April 2021</b>, MHCLG wrote to chief financial officers, of councils and combined authorities, letting them know about a new requirement to provide data on exit payments. Councils will be asked to provide data on all redundancy payments, pension strain payments and other special payments made in consequence of an exit for 2014/15 to 2020/21 by the end of May 2021. The data will be used to inform delivery of the Government's policy to end excessively high exit payments in the public sector.</p> <p><b>On 12 February 2021</b>, HMT published the Exit Payment Cap Directions 2021 disapplying parts of the Restriction of Public Sector Exit Payment Regulations 2020 with immediate effect,</p>	No Further Update

Organisation	Item	Details	Status
		<p>meaning the exit cap no longer applies to exits that take place on or after 12 February 2021. HMT expects employers to pay the additional sums that would have been paid, had the exit cap not applied in respect of employees who left between 4 November 2020 and 11 February 2021. On 25 February 2021, The Restriction of Public Sector Exit Payments (Revocation) Regulations 2021 were made and laid before parliament and will come into force on 19th March 2021. These regulations confirm the effect of the disapplication Directions made on the 12th February 2021 but are not retrospective.</p> <p>Despite this revocation, the Government remains committed to implementing reforms to public sector exits which will have the aim of ending excessive payments and bringing practice more in line with the private sector. We understand that MHCLG plans to introduce further changes to exit payments following the recent MHCLG consultation on reforming local government exit pay, however, they will consult again on any further reforms to exit payments before any changes are made. The Government has not confirmed when the exit cap or further reforms will be introduced but we understand an exit cap may be in force later in 2021.</p> <p><b>On 22 December 2020</b>, three requests for Judicial Reviews of the Restriction of Public Sector Exit Payment Regulations 2020 were given permission to proceed. These requests contest the regulations on a number of grounds, including their effect on the LGPS regulations. It is expected the requests will be heard towards the end of March 2021. MHCLG has confirmed that these hearings will affect the timing of LGPS regulation changes. The LGA understand that these proceedings will prevent any direction by the Pensions Ombudsman on this matter until they are complete although they are seeking clarification on this.</p> <p><b>On 16 Nov 2020</b>, APF obtained legal advice on the best course of action to take in the interim period, until the LGPS regulations are amended to accommodate the cap. As a result of that advice we have taken the decision to offer a member who exceeds the 95k cap the option of taking immediate payment of fully reduced benefits or the option to defer their benefits for payment at a later date. This is also in line with the Government and Scheme Advisory Board recommendations. We have also adopted a partial change in the factors used to calculate pension strain costs following a formal recommendation from our Actuary. New processes are now in place to deal with any cases that arise going forward.</p>	

Organisation	Item	Details	Status
		<p><b>On 30 Oct 2020</b>, SAB published its legal advice together with a commentary for LGPS administering authorities and scheme employers, which can be found as follows:-</p> <p><a href="https://www.lgpsboard.org/index.php/structure-reform/public-sector-exit-payments">https://www.lgpsboard.org/index.php/structure-reform/public-sector-exit-payments</a></p> <p><b>On 28 Oct 2020</b>, a letter was sent from Luke Hall, the Local Government minister, to all LGPS administering authorities in respect of the implementation of the £95k cap from 4th November recommending a course of action to take in the interim period which is that LGPS members caught by the 95k cap, who would normally be forced to take a fully unreduced pension under regulation 30(7), should be able to elect to receive an immediate but fully reduced pension or, if they do not so elect, a deferred pension plus a lump sum equal to the capped strain cost.</p> <p><b>On 15 October 2020</b>, the legislation implementing the £95k cap on exit payments was signed and therefore will come into force on 4 November 2020. This means that the £95k cap will come into force in advance of the changes to LGPS regulations proposed by MHCLG in the further reform consultation, which will amend the LGPS regulations to provide for the payment of reduced pensions in whole (as is the current provision) and in part. As such, from 4 November 2020 up to the enactment of the MHCLG further reform proposals, which is expected in early 2021, there is a position of legal uncertainty. This is due to the apparent discrepancy between the obligations on scheme employers under the Cap Regulations to limit strain cost payments, and the requirement for administering authorities to pay unreduced pensions to qualifying scheme members under existing LGPS regulations. The SAB has requested the views of Counsel on the risks of challenge to administering authorities and the obligations of scheme employers during this period of legal uncertainty.</p> <p><b>On 7 September 2020</b>, MHCLG launched a consultation on changes to the Local Government Pension Scheme (LGPS) and Discretionary Compensation Regulations. The consultation covers the required changes to compensation and pension regulations to implement both the £95K exit payment cap as well as public sector exit payments further reform proposals issued by HMT in 2016. The latter proposals were left to individual departments to implement rather than being via central HMT Directions, currently no other part of the public sector has any 'live' proposals to enact the further reform proposals. The MHCLG consultation closes on the 9 November and APF are in the process of formulating a response. At this stage there have been no proposals to implement an exit payment recovery process that was also consulted on in 2015.</p>	

Organisation	Item	Details	Status
		<p><b>On 21 July 2020</b>, HM Treasury published the Governments response to the consultation on restricting exit payments in the public sector. This was followed by the publication of draft regulations which include a list of employers who will be covered by the cap, which is set at a total of £95,000. Exit payments include redundancy payments, severance payments, pension strain costs and other payments made as a consequence of termination of employment. The Regulations will need to be approved by both houses of parliament and will come into force 21 days after that process is complete. We understand it is the intention that the cap will be in force for the end of the 2020 calendar year.</p> <p>This will affect LGPS members in England and Wales who currently qualify for an unreduced pension because of redundancy or efficiency retirement. It will also apply to members whose employer agrees to the early release of their benefits without actuarial reduction, apart from ill health retirement which is excluded. If the cap is breached, then the member may have to take a reduced pension. MHCLG is looking at options to introduce choice to allow members in this position to opt for a deferred pension instead. We also expect the introduction of a standard strain cost calculation so that the cap will apply equally to members across the country. We are expecting a consultation on changes required to the LGPS regulations imminently.</p> <p><b>Background:-</b></p> <p>The government first consulted on plans to cap exit payments in the public sector in 2015.</p> <p>On 10 April 2019, HMT launched a consultation called 'Restricting exit payments in the public sector: consultation on implementation of the regulations'. The key points in this latest consultation were as follows:-</p> <ul style="list-style-type: none"> <li>• No change from the earlier proposal that the maximum exit payment will be £95,000.</li> <li>• The cap will apply to a wide range of public sector employers, including employees of councils in England and Wales, fire authorities, police forces, academies and maintained schools.</li> <li>• The £95,000 cap will include the value of any early retirement strain payments, and it is envisaged that the ability to take an unreduced early retirement pension will therefore be severely restricted in some cases.</li> </ul>	

Organisation	Item	Details	Status
		<ul style="list-style-type: none"> <li>Certain employers in the LGPS e.g. Universities and Colleges appear not to be covered which will means members would be treated differently within the LGPS depending on their employer on exit.</li> <li>As previously indicated, there will be provisions for the cap to be waived in some circumstances. However, the tone of the consultation makes clear that any waiver is expected to be the exception rather than the norm.</li> </ul> <p>It was expected that MHCLG will run a separate consultation, which will cover amongst other things the agreement and implementation of a common costing methodology and factors for strain payments.</p> <p>HMT received approximately 600 responses, one of which was from APF, and it was expected that they would publish their response in the autumn of 2019 and look to introduce the cap no sooner than 1 April 2020.</p>	
Government	McCloud Judgment	<p><b>Risk Register Item – R63</b></p> <p><b>Latest Updates:-</b></p> <p>There have been various movements of the Public Sector Pensions and Judicial Offices Bill through the House of Lords and the House of Commons since the previous update, detailed below. Once the Bill eventually receives Royal Ascent, Regulations for each of the Public Sector Schemes will be released. This is expected in Spring 2022. There will also be a consultation in Spring/Summer 2022 on draft guidance to assist Funds in implementing the remedy.</p> <p>Further details on the timing, and the Bill itself, can be found <a href="#">here</a>.</p> <p><b>On 27 January 2022</b>, the Public Sector Pensions and Judicial Offices Bill entered <a href="#">Committee Stage</a>.</p>	Updated

Organisation	Item	Details	Status
		<p><b>On 21 January 2022</b>, in advance of moving to Committee Stage in the House of Commons, the Government tabled further <a href="#">amendments</a> to the Public Sector Pensions and Judicial Offices Bill. As expected, the key amendment in relation to the LGPS was to extend the scope of the remedy (by redefining “remediable service”) to those members not in pensionable service on 31 March 2012 but in service before then.</p> <p>Other amendments relevant to the LGPS extended the types of schemes where pensionable service would not count as a disqualifying break, and to allow the final regulations to make provisions in a number of areas, namely in relation to transfers in, pension credits and debits, Teachers qualifying for the LGPS and also compensation and interest payments.</p> <p><b>On 7 January 2022</b> whilst not impacting the LGPS at present, a Judicial Review claim submitted by the Police Superintendents’ Association (PSA) in relation to the consultation process in relation to the McCloud Judgment conducted by HM Treasury in the summer 2020 was dismissed, although some of the grounds of the claim were ruled arguable and the Judge ruled that there had been legal errors in the decision making process following the consultation. The full judgment can be found <a href="#">here</a>. The PSA has since announced it will seek leave to appeal to the Court of Appeal.</p> <p><b>On 6 December 2021</b>, Following the Committee and Report Stages, the Public Sector Pensions and Judicial Offices Bill got its <a href="#">third reading</a> in the House of Lords to complete its passage through the House and subsequently got its <a href="#">first reading</a> in the House of Commons on <b>7 December 2021</b>, followed by its <a href="#">second reading</a> on <b>5 January 2022</b>.</p>	



Organisation	Item	Details	Status
		<p><b>Previous Updates:</b></p> <p><b>On 11 October 2021</b>, The Public Sector Pensions and Judicial Offices Bill moved to Committee Stage. The Report stage will take place on 29 November 2021. It is now expected that any amendments made by the Government in relation to the LGPS and how the remedy will be implemented will emerge at the House of Commons Committee Stage.</p> <p>Funds have also been encouraged to collect data on all members who were active on/before 31 March 2012, not just those on 31 March 2012 given the potential for scope to change as part of the amendments referred to above.</p> <p>Further details on the timing, and the Bill itself, can be found <a href="#">here</a>.</p> <p>Once the Bill eventually receives Royal Assent, Regulations for each of the Public Sector Schemes will be released. This is expected in Spring 2022. There will also be a consultation in Spring/Summer 2022 on draft guidance to assist Funds in implementing the remedy.</p> <p><b>On 8 October 2021</b> the Fire Brigades Union and the Local Government Association issued a Memorandum of Understanding and Framework setting out a mechanism to handle “Immediate Detriment” cases emerging from the McCloud Judgment in relation to the Firefighter Schemes in a consistent manner. Whilst this does not immediately impact the LGPS, there will be an impact on the Fund’s available resource in the short-term whilst such cases are considered, which will need to be managed.</p> <p><b>On 7 September 2021</b>, The Public Sector Pensions and Judicial Offices Bill got its <a href="#">second reading</a> in the House of Lords.</p> <p><b>On 19 July 2021</b>, The Public Sector Pensions and Judicial Offices Bill got its first reading in the House of Lords. The Bill makes provision to rectify the unlawful age discrimination identified by the McCloud Judgment. Chapter 3 of Part 1 of the Bill confirms which members will be in scope in the LGPS and what service is ‘remediable’. Enabling legislation will allow for scheme regulations to be changed to formally implement the McCloud remedy. The second reading of the Bill will take place in the House of Lords on 7 September 2021.</p>	

Organisation	Item	Details	Status
		<p><b>On 13 May 2021</b>, MHCLG published its Written Ministerial Statement setting out the government's high level objectives on how the remedy to the McCloud Judgment will be applied. The statement can be found <a href="#">here</a>.</p> <p><b>On 8 October 2020</b> APF issued their response to the consultation which was included as an appendix to this report at the December meeting</p> <p>The SAB response to MHCLG's consultation is available to view in the following location:-</p> <p><a href="http://lgpsboard.org/images/PDF/letters/SAB_FINAL_MCCLLOUD_RESPONSE.pdf">http://lgpsboard.org/images/PDF/letters/SAB_FINAL_MCCLLOUD_RESPONSE.pdf</a></p> <p>The notes from the SAB meeting in August advised that their response would include representations to allow the LGPS regulations to be on the statute book ahead of those of the unfunded public service pension schemes, where the coming into force date is expected to be Spring 2022. LGPS remedy regulations will not have to wait for changes in primary legislation so different timescales should be possible. Getting LGPS McCloud regulations in place sooner will give all parties more opportunity to put processes in place before they come into effect in 2022. The Board also agreed that work should commence on central guidance on how the regulations are to be applied and how individual cases of poor or missing member data should be handled.</p> <p><b>On 16 July 2020</b>, MHCLG published a consultation on amendments to the statutory underpin which are designed to remove age discrimination from the LGPS, see link <a href="#">here</a>. In summary, the consultation proposes that qualifying members, all who were active in 2008 scheme on 31st March 2012 and accrued benefits in the 2014 scheme without a disqualifying break, would be protected by the application of a revised underpin which will be applied retrospectively for those who have already left the scheme. The consultation runs until 8th October 2020 and we are currently in the process of formulating a response.</p> <p><b>At the SAB meeting in February</b>, the Board agreed to create two working groups to help implement the outcome of the McCloud judgment for the LGPS. These will be a small policy group to help MHCLG consider areas of policy not determined by HMT and a larger implementation group made up of practitioners, member representatives, actuaries, software providers and employers. They will consider the challenges of implementing and communicating the scheme changes. Due to differences in LGPS transitional protection, MHCLG are planning to</p>	

Organisation	Item	Details	Status
		<p>undertake an LGPS specific consultation on the regulatory changes required to address McCloud. We are expecting the consultation to begin late June / early July 2020.</p> <p><b>Background:-</b></p> <p>The McCloud/Sargeant cases concern the transitional protections provided to older members of the judges and firefighter pension schemes following their reform in 2015 as part of the public sector pension scheme changes. In December 2018, the Court of Appeal found the transitional protections to be unlawful on the grounds of age discrimination. In June 2019, the Supreme Court denied the Government's request for an appeal and as such the case was returned to an Employment Tribunal for remedy.</p> <p>In July 2019, the Chief Secretary to the Treasury announced in a written statement that 'the government believed that the difference in treatment will need to be remedied across all public sector schemes, including the LGPS'. As such, the SAB agreed to establish two working groups, one to assist MHCLG in considering any areas of policy not centrally determined and the second to consider the challenge of implementing and communicating any changes. A consultation, including draft legislation, is expected in the Spring, although there is likely to be a need for changes in primary legislation that may take some time.</p> <p>You can find a dedicated 'Cost Management' page on the SAB website as follows:-</p> <p><a href="http://lgpsboard.org/index.php/structure-reform/mccloud-page">http://lgpsboard.org/index.php/structure-reform/mccloud-page</a></p>	

Organisation	Item	Details	Status
SAB	LGPS Cost Management Process	<p><b>Risk Register Item – R47</b></p> <p><b>Latest Update:-</b></p> <p><b>On 15 December 2021</b>, six trade unions (the Public and Commercial Services Union, The Fire Brigades Union, the GMP Union, the Royal College of nursing, Unite and the POA Union) filed for a joint judicial review to prevent the Government imposing the cost of the McCloud remedy on their members. The outcomes of this review may have implications for the LGPS if upheld.</p> <p><b>Previous Updates:-</b></p> <p><b>On 4 November 2021</b>, the FBU has issued a formal letter before claim for Judicial Review proceedings against the Government with regard to the inclusion of the McCloud Judgment in the 2016 cost management process. This is likely to be heard in the middle of next year. If upheld, there may be implications for the LGPS. Further details can be found <a href="#">here</a>.</p> <p><b>On 15 October 2021</b>, the SAB published the outcomes of its own 2016 valuation cost management process (following confirmation from HMT on the cost control directions). Full details of the process can be found <a href="#">here</a> and confirmed that there would be no change to benefits emerging from the process once allowance for the McCloud Judgment had been taken into account. However, the SAB has formally commented now that it will still be seeking to review Tier 3 ill-health benefits and employee contributions for the low paid in the future, outside of the cost management process.</p> <p>DLUHC, SAB, GAD will be considering how the revised principles of the HMT process will apply to SAB's own process in readiness for the 2020 valuation assessment being undertaken.</p> <p><b>On 7 October 2021</b>, HMT published the <a href="#">Public Service Pensions (Valuations and Employer Cost Cap) (Amendment Directions) 2021</a> which allow public sector schemes to conclude their 2016 valuations by setting out how they will carry out the cost control element of these valuations.</p> <p><b>On 4 October 2021</b>, HMT responded to the consultation on the cost control mechanism. The response can be found <a href="#">here</a> and confirmed that:</p> <ul style="list-style-type: none"> <li>The mechanism would be changed so that it only covers the reformed schemes.</li> </ul>	Updated

Organisation	Item	Details	Status
		<ul style="list-style-type: none"> <li>• The corridor would be widened from 2% to 3%.</li> <li>• There would be the introduction of an “economic check” so that when the corridor is breached, a further check of broader economic conditions would be carried out before any breach would be implemented.</li> </ul> <p>Whilst not directly addressing concerns raised by LGPS stakeholders (in particular with regard to how the economic check will be carried out for the LGPS), there is an acknowledgement from HMT to discuss these further and agree the appropriate way these changes can be introduced (alongside consideration of how the changes will impact the SAB cost management process, and also how similar changes can be affected in Scotland and Northern Ireland).</p> <p>A response to the consultation on the methodology used to set the SCAPE discount rate is still awaited.</p> <p><b>On 19 August 2021</b>, the SAB published its response to the consultation on the cost control mechanism. The response can be found <a href="#">here</a></p> <p>Similarly, LGA published its response to the consultation on the discount rate, which can be found <a href="#">here</a>.</p> <p><b>On 24 June 2021</b> a Written Ministerial Statement was laid which announced the publication of two consultations. The first was about proposed reforms to the cost control mechanism and covered 3 main areas:</p> <ul style="list-style-type: none"> <li>• A change to the mechanism so that it only covers the reformed schemes.</li> <li>• A widening of the corridor from 2% to 3%.</li> <li>• The introduction of an “economic check” so that when the corridor is breached, a further check of broader economic conditions would be carried out before any breach would be implemented.</li> </ul> <p>The second consultation was about the discount rate used in valuations of unfunded public service pension schemes and potential changes to the SCAPE methodology used. Whilst primarily impacting the other public sector schemes (given the SCAPE discount rate is used to determine contribution rates) any changes would impact the LGPS given it is used by GAD to produce actuarial factors e.g. early retirement etc.</p> <p>Both consultations closed on 19 August 2021.</p>	

Organisation	Item	Details	Status
		<p>We understand that this is to be one of the main topics of discussion at the meeting of the SAB which took place on 10 May 2021 and await further information of the outcome of these discussions.</p> <p><b>At the SAB meeting in November</b>, the Board was reminded of the decision it took when it last met in August to un-pause its own cost cap arrangement until HM Directions including proposals on how McCloud costs are going to be taken into account are published over the coming months. Members were also advised that the Government Actuary's Department is undertaking a review of the cost cap arrangement but that it is unlikely to have any impact on the outstanding 2016 cost cap process or the forthcoming 2020 process.</p> <p>The Government announced updates on the 2016 valuation and cost control mechanism for the unfunded public sector pension schemes advising that the cost control element of the 2016 valuations will now be completed incorporating the cost of implementing the McCloud remedy. There will be no reduction to member benefits as a result of completing the 2016 valuation if the cost ceiling is breached. However, if the cost floor is breached, this will be honoured by implementing increases in benefit accrual and/or reductions in member contributions backdated to 1 April 2019.</p> <p><b>The notes from the SAB meeting in August</b> advise that, unlike the HMT arrangement, there is no compulsion on SAB to include McCloud costs in their cost management arrangement. However, it was agreed that no decision should be taken until the HMT Direction, on how McCloud costs are to be considered, is published early next year. In principle, the Board agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until more details are known.</p> <p><b>At the National Technical Group in October</b>, MHCLG further updated that once the McCloud remedy is agreed, the value of scheme member benefit is likely to increase for many members. The cost control mechanism was designed to include the cost of these and they will be included in the completion of the cost control process. How best to do this in the LGPS will be decided once the remedy details are decided.</p>	

Organisation	Item	Details	Status
		<p><b>On 16 July 2020</b> the Government made an announcement confirming that the cost control mechanism pause will be lifted, and the cost control element of the 2016 valuations process will be completed for all public service pension schemes. The objective would be to complete the process by next year, taking into account the cost of the proposals to remedy age discrimination as set out in the McCloud consultations which were published that same day. The SAB are currently considering its position on the SAB employer cost cap process now that the proposals to rectify age discrimination for the LGPS are available.</p> <p><b>In April 2020</b> four unions including the FBU and the GMB filed court proceedings against the Government claiming that the pause in the cost control mechanism is unlawful. The unions are arguing for an improvement in member benefits as a result of the valuation results.</p> <p><b>On 17 October 2019</b> GAD issued a formal request for valuation data as at 31 March 2019 as part of the cost management process that is due to be carried out in 2020. APF data was submitted to GAD ahead of the deadline of 18 November 2019.</p> <p><b>On 14 May 2019</b> SAB published an advice note covering the implications of McCloud/Cost Cap in relation to the 2019 fund valuations.</p> <p><b>Background:-</b></p> <p>One of the Board's statutory duties, under the regulations, is to introduce and maintain a process to manage costs in the scheme alongside the process introduced by HM Treasury for all public service schemes. You can find a dedicated 'Cost Management' page on the SAB website as follows:-</p> <p><a href="http://lgpsboard.org/index.php/structure-reform/cost-management">http://lgpsboard.org/index.php/structure-reform/cost-management</a></p> <p>In September 2018, SAB members were provided with a summary of the statement regarding the scheme valuations for all of the public service pension schemes, including the LGPS, which showed that the cost cap floor had been breached and as a result member benefits would need to be improved. SAB therefore put together a working group responsible for agreeing a package of benefit changes to return the scheme to its total target cost, while also looking at employee</p>	

Organisation	Item	Details	Status
		<p>contributions at the lower end. It was intended that the resultant package would be put to the full SAB for agreement to ensure that scheme changes could be on the statute book by April 2019.</p> <p>However, in January 2019 the Government announced a pause in the cost management process for unfunded public sector schemes due to uncertainty caused by the McCloud court ruling on elements of the 2015 scheme reforms. In February, SAB learned that this applied equally to the LGPS and as such it had no option but to pause its own cost management process pending the outcome of McCloud. As a result there were no changes to benefits planned in respect of the cost cap and instead this situation would be reviewed once McCloud was resolved.</p>	
SAB	Good Governance in the LGPS	<p><b>Previous Updates:-</b></p> <p><b>On 15 February 2021</b>, the Scheme Advisory Board published Good Governance: Phase 3 Report which was produced by the Hymans Robertson project team. The Phase 3 report, link <a href="#">here</a>, provides further details on some of the recommendations that were included in the Phase 2 Report. The Board agreed that the Chair should submit the Board's Good Governance Action Plan, link <a href="#">here</a>, to the Local Government minister for consideration.</p> <p><b>At the SAB meeting in August 2020</b>, Hymans updated the Board that draft papers on how the recommendations set out in the Phase II report are to be implemented, will be completed by the end of September 2020. The Board will consider these drafts when it meets in November 2020. If approved, the Board will then consider the process and timing of implementation.</p> <p><b>In April 2020</b>, a virtual meeting of the chairs of the SAB and its two committees was held and it was agreed that Hymans work on Phase III of the Good Governance project should proceed on a limited basis due to COVID-19. They should continue to prepare papers for the SAB's consideration based on discussions already undertaken with the implementation group. However, they should avoid engaging with members of the implementation group, or local government in general at this time.</p> <p><b>In February 2020</b>, the Board agreed that an implementation group, comprising the two former working groups, should be established immediately to prepare a detailed implementation plan for consideration at their next meeting.</p>	No Further Update



Organisation	Item	Details	Status
		<p><b>In November 2019</b>, a draft Phase II report into the findings of both working groups was made available to the Board who considered it and agreed that it should be published with comments invited from scheme stakeholders. The report made recommendations for new standards of governance and administration and proposed how they could be measured and assessed independently. The recommendations covered the areas below:</p> <ul style="list-style-type: none"> <li>• general governance</li> <li>• conflicts of interest</li> <li>• representation</li> <li>• skills and training</li> <li>• service delivery for the LGPS function</li> <li>• compliance and improvement</li> </ul> <p>You can find the report as follows:-</p> <p><a href="http://lgpsboard.org/images/PDF/HymansRobertson_GoodgovernanceintheLGPS_Phase-II_November2019.pdf">http://lgpsboard.org/images/PDF/HymansRobertson_GoodgovernanceintheLGPS_Phase-II_November2019.pdf</a></p> <p>Comments on the phase II report were invited to be sent and APF issued a response to this in January 2020 concluding that overall, we were still unsure of the specific problems attempting to be addressed through some of the proposals. It seemed that another layer of governance was being added because there are some local issues around the effectiveness of Local Pension Boards or Fund Administrations. Maybe the Pension Regulator could intervene and deal with these issues as demonstrated in its own recent engagement report. Within the recommendations there were still a lot of 'shoulds' or 'coulds' whereas regulation and a definitive set of standards monitored by the Pension Regulator would be more effective.</p> <p><b>In April 2019</b>, Hymans launched the Good Governance Project Survey to capture as many views as possible from those working within the LGPS with the findings forming the basis for a report which was presented to the SAB in July 2019, you can find the report as follows:-</p> <p><a href="http://lgpsboard.org/images/PDF/GGreport.pdf">http://lgpsboard.org/images/PDF/GGreport.pdf</a></p>	

Organisation	Item	Details	Status
		<p>Work to develop a detailed plan then began and two working groups were established, one to focus on defining good governance outcomes and the guidance needed to clearly set them out and the other to focus on options for the independent assessment of outcomes and mechanisms to improve the delivery of those outcomes.</p> <p><b>Background:-</b></p> <p>Previously known as the separation project which was developed to identify the potential benefits of further increasing the level of separation between the host authority and scheme manager role. In November 2018, the project was awarded to Hymans Robertson and was also re-named to “Good Governance in the LGPS” which better reflected the aims and ambitions of the project to enhance the delivery of the function within local authority structures.</p>	
<b>SAB</b>	<b>Tier 3 Employers</b>	<p><b>Previous Updates:-</b></p> <p><b>At the SAB Meeting in May 2020</b>, members were advised that the working group set up to take this work forward has not been able to meet but discussions with MHCLG are being progressed.</p> <p><b>At the SAB Meeting in Jan 2019</b>, the Board was advised that the work of the third tier employers’ project working group had been put on hold due to competing priorities.</p> <p><b>In Sept 2018</b>, a final version of the Aon report was published and can be found as follows:-</p> <p><a href="http://lgpsboard.org/images/PDF/Tier_3_employers_in_the_LGPS_FINAL.pdf">http://lgpsboard.org/images/PDF/Tier_3_employers_in_the_LGPS_FINAL.pdf</a></p> <p><b>At the SAB meeting in Jun 2018</b>, Aon presented members with a summary of the final draft report. The Board was anxious to point out that the report makes no attempt to make any recommendations, instead, it outlines a range of issues raised by stakeholders and how they envisage these concerns being resolved.</p> <p>The Board agreed that the report should be published and that a small working group of Board members will be established to review the concerns expressed by third tier employers in the report and the ways in which they could be resolved. The working group will be tasked to report back to the Board later in the year with a set of recommendations for further consideration. Once</p>	<b>No Further Update</b>

Organisation	Item	Details	Status
		<p>approved, scheme stakeholders will be given the opportunity to comment on the Board's recommendations before any formal approach is made to MHCLG Ministers for changes to the scheme's regulations or guidance.</p> <p><b>Background:-</b></p> <p>As part of its work plan for 2016/17, SAB wanted to identify the potential funding, legal and administrative issues and liabilities relating to admitted and scheduled bodies that do not benefit from local or national tax-payer backing (Tier 3 employers).</p> <p>The work was split into two concurrent phases:</p> <p>1) The Board was to work with LGPS administering authorities to gather data regarding the number, membership, liabilities and covenants of these employers.</p> <p>2) Separately the Board appointed Aon to assist it in further analysis in this area.</p> <p>You can find a dedicated 'Tier 3 Employers' page on the SAB website as follows:-</p> <p><a href="http://lgpsboard.org/index.php/structure-reform/tier-3-employers">http://lgpsboard.org/index.php/structure-reform/tier-3-employers</a></p>	
MHCLG	Consultation on Fair Deal	<p><b>On 10 December 2019</b>, a representative from MHCLG provided the following update to the LGPS National Technical Group "The analysis of consultation response has been completed. Officials have started to draft the government response but the content of that is still conditional on some further ministerial decisions that will need to be taken once the new government is formed".</p> <p><b>Background:-</b></p> <p>In Jan 2019, MHCLG launched a policy consultation and draft regulations on 'Fair Deal – strengthening pension protection' in the LGPS. The consultation contained proposals to strengthen the pension protections that apply when an employee of a LGPS employer is compulsorily transferred to the employment of a service provider. The proposed amendments to the LGPS Regulations 2013 would, in most cases, give transferred staff a continued right to</p>	No Further Update

Organisation	Item	Details	Status
		<p>membership of the LGPS. These changes are intended to bring the LGPS in line with the government's October 2013 Fair Deal guidance that applies in relation to transfers from central government.</p> <p>MHCLG received around 79 responses, one of which was from APF.</p>	
HMT	Written Ministerial Statement on Survivors Benefits	<p><b>Latest Update:-</b></p> <p>Guidance from DLUHC on what action administering authorities should take is expected to emerge in the coming months (perhaps following conclusion of the remedial work being undertaken / consulted on in relation to McCloud). Any required action to deal with these cases e.g. Goodwin etc. could have further administrative resource implications for the Fund.</p> <p><b>Previous Update:-</b></p> <p><b>On 20 Jul 2020</b>, the Chief Secretary to the Treasury made a written statement on public service pensions, survivor benefits for opposite-sex widowers and surviving male civil partners. The statement was in relation to a Teachers Pension Scheme Employment Tribunal case where male survivors of female scheme members remain entitled to a lower survivor benefit than a comparable same-sex survivor and confirmed that government believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner of a female scheme member is in similar circumstances. We await guidance from MHCLG on what action administering authorities in England and Wales should take.</p>	Updated
MHCLG	Consultation on LGPS Local Valuation Cycle and the Management of Employer Risk	<p><b>Risk Register Item – R62 (In respect of Exit Credits)</b></p> <p><b>Previous Updates:-</b></p> <p><b>On 27 May 2021</b>, following a judicial review, a High Court Judge rejected the claim that challenged the lawfulness of the LGPS regulations introduced in 2020 that extinguished a contractors' right to Local Government Pension Scheme "exit credits" with retrospective effect. Full details of the ruling can be found <a href="#">here</a>.</p>	No Further Update

Organisation	Item	Details	Status
		<p>One of the recommendations from the ruling was for Funds' policies to not explicitly rule out the payment of an "exit credit" on the sole basis that risk sharing arrangements with the letting employer existed.</p> <p><b>In April 2021</b>, the Fund published its updated Funding Strategy Statement (FSS) following a consultation exercise with employers to outline proposed changes to the FSS to allow for the regulatory changes referred to below linked to employer flexibilities. The updated FSS can be found <a href="#">here</a>.</p> <p><b>On 2 March 2021</b>, MHCLG published statutory guidance to assist LGPS administering authorities and scheme employers in implementing and operating the regulations on employer flexibilities introduced in September 2020. More detailed guidance prepared by the Scheme Advisory Board, to be read in conjunction with MHCLG's statutory guidance, was published on 22 February 2021.</p> <p>MHCLG are defending two claims for judicial review challenging the 2020 amendment to the LGPS Regulations on the payment of exit credits. The claimant in the Northants case was granted permission by the court on 12 November to proceed to a full hearing and the case is listed to be heard in March.</p> <p><b>On 2 December 2020</b>, the secretariat to the SAB emailed pensions managers for comment on a draft guide to employer flexibilities. This was prepared by the SAB in conjunction with representatives from administering authorities and scheme employers. The purpose of the guide is to provide operational and practical assistance to administering authorities and employers when implementing employer flexibilities introduced by the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2020. APF issued a response on 7 January 2021.</p> <p><b>On 26 Aug 2020</b>, MHCLG published a second partial response to this consultation covering greater flexibility on employer exit payments and the ability to review employer contributions between valuations. The LGPS (Amendment) (No.2) Regulations 2020 provided for the changes and came into effect from 23 September 2020. A working group has been established by MHCLG to prepare statutory guidance, to accompany the regulations, to assist with the necessary revisions required to Funding Strategy Statements</p>	

Organisation	Item	Details	Status
		<p>A further response will be made by MHCLG in relation to the other proposals in the consultation (changes to the local fund valuation cycle, interim valuations and the status of further education, sixth form college and higher education corporations in England and Wales) in due course.</p> <p><b>On 27 Feb 2020</b>, MHCLG published a partial response to this consultation covering the proposals on exit credits only. MHCLG will submit a further response to the other proposals covered by this consultation in due course.</p> <p>The response confirms that the majority of respondents supported the proposal to allow administering authorities to take account of an employer's exposure to risk when calculating an exit credit. The Local Government Pension Scheme (Amendment) Regulations 2020 giving effect to these proposals were laid in Parliament and came into force on 20 March 2020.</p> <p><b>Background:-</b></p> <p>In May 2019, MHCLG launched a 12 week consultation on policy proposals to amend the rules of the Local Government Pension Scheme 2013 in England and Wales. It covered the following areas:</p> <ol style="list-style-type: none"> <li>1. Amendments to the local fund valuations from the current three year (triennial) to a four-year (quadrennial) cycle</li> <li>2. A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles</li> <li>3. Proposals for flexibility on exit payments (Update - Resolved following second partial response to consultation in Aug 2020 and Amendment Regulations in Sept 2020).</li> <li>4. Proposals for further policy changes to exit credits (Update - Resolved following partial response to consultation in Feb 2020 and Amendment Regulations in Mar 2020).</li> <li>5. Proposals for policy changes to employers required to offer LGPS membership</li> </ol> <p>MHCLG received around 280 responses, one of which was from APF.</p>	

Organisation	Item	Details	Status
HMT	Equalisation of GMPs in public service pension schemes	<p><b>Previous Updates:-</b></p> <p>Following discussions between MHCLG and GAD, MHCLG are now liaising with HMT to determine how retrospective adjustments to CETV payments should be applied in public sector</p>	No Further Updates

Organisation	Item	Details	Status
		<p>schemes and further guidance is awaited on this specific matter. A consistent approach is preferred.</p> <p><b>On 20 November 2020</b>, the High Court ruled that trustees who do not equalise a member's GMP benefits at the time of calculating a cash equivalent transfer value (CETVs) have committed a breach of duty. Defined benefit schemes providing GMPs should revisit historic CETVs made in the past 30 years and top them up where necessary. The judgment does not force organisations to actively correct all pensions transfers; however, employers may look to do so to avoid legal proceedings from members affected. We await further guidance from MHCLG and GAD on how GMP equalisation will be achieved in the LGPS.</p> <p><b>Background:-</b></p> <p><b>On 26 October 2018</b>, Mr Justice Morgan handed down judgment in Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC, HBOS PLC, Angela Sharp, Judith Cain, Susan Dixon, Secretary of State for Work and Pensions and HMT. The High Court has held that schemes must equalise the discriminatory effects of GMPs and that this can be achieved using several methods. At the time, HMT confirmed that the judgement “does not impact on the current method used to achieve equalisation and indexation in public service pension schemes”.</p>	
HMT	Indexation of GMPs in public service pension schemes	<p><b>Previous Updates:-</b></p> <p><b>On 23 March 2021</b>, the Government published its response to the consultation on Guaranteed Minimum Pension (GMP) Indexation in Public Service Pension Schemes (PSPS). The response concludes that the Government has decided to discount conversion as a long-term policy solution and make the interim solution the permanent solution for GMP indexation in PSPS. This approach will mean that PSPS will be directed to provide full indexation to those members (including survivors) with a GMP (or inherited GMP in the case of a survivor), reaching State Pension age (SPa) beyond 5 April 2021.</p> <p>The accompanying HM Treasury Direction (issued under section 59A of the Social Security Pensions Act 1975), implementing the decision, has been updated. The updated direction commenced on 6 April 2021 and applies in England, Scotland and Wales.</p>	No Further Update



Organisation	Item	Details	Status
		<p><b>On 21 December 2020</b>, the LGA and the LGPC submitted a joint response to the consultation setting out their view that they do not consider an extension of full indexation until April 2024 to be enough time, and that they believe it should either be extended for as long as possible, potentially until April 2030, or be made the permanent solution. Their main reason for this response being that the administrators of public service pension schemes are currently undertaking large programmes of work which are unlikely to be completed much before April 2030. A government response on the consultation is expected by April 2021.</p> <p><b>On 7 October 2020</b>, the government published a written ministerial statement and consultation on how it proposes to ensure it continues to meet these past commitments to public service employees regarding the full indexation of public service pensions, including for any related GMP element for members of public service pension schemes. The consultation, which closes on 30 December 2020, considers the policy options available to the government and proposes to extend the interim solution until at least April 2024 or to make it a permanent solution. A link to the consultation can be found as follows:-</p> <p><a href="https://www.gov.uk/government/consultations/public-service-pensions-guaranteed-minimum-pension-indexation-consultation">https://www.gov.uk/government/consultations/public-service-pensions-guaranteed-minimum-pension-indexation-consultation</a></p> <p>In Feb 2020, HMRC published a newsletter on GMP equalisation. HMT are working with MHCLG to assess if GMP equalisation must apply to LGPS members' benefits and will notify administrators of the outcome in due course.</p> <p><b>Background:-</b></p> <p>On 6 April 2016, the government introduced the new State Pension (nSP). The reformed system simplified pension provision but removed the mechanism that enabled those public servants in 'contracted-out' employment between 1978 – 1997 to have their Guaranteed Minimum Pension (GMP) fully price protected.</p> <p>On 1 March 2016, the government announced that public service pensioners reaching SPa after 5 April 2016 and before 6 December 2018, would have the GMPs earned in public service fully indexed by the public service pension scheme.</p>	

Organisation	Item	Details	Status
		<p>The government then launched a consultation to consider whether public service pension schemes should pay full indexation on GMP earned while a member of a public service pension scheme, for someone who reaches SPa after 5 December 2018.</p> <p>In Jan 2018, HMT published its response to the consultation directing that the “interim solution” between 6 April 2016 and 5 December 2018 be extended for a further two years and four months. This will cover those members of public service schemes with a GMP who reach state Pension Age on or after 6 December 2018 and before 6 April 2021. During this period, the government will investigate the possibility of an alternative long-term methodology, known as “conversion”.</p>	
Government	Pension Schemes Bill	<p><b>Latest Update:-</b></p> <p><b>In November 2021</b>, following on from the Pension Schemes Act 2021, the <a href="#">Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021</a> were laid and came into effect from 30 November 2021.</p> <p>The regulations introduce further legal restrictions on a member’s statutory right to transfer and further guidance and draft documentation has since been produced by TPR and the LGA to assist administering authorities with fulfilling their duties to ensure the requirements set out on the regulations are met.</p> <p><b>Previous Updates:-</b></p> <p><b>On 11 February 2021</b>, the Pension Schemes Act 2021 received Royal Assent and the provisions within the Act will come into force when the Secretary of State makes regulations for them to do so. The Act paves the way for the creation of Pensions Dashboards and the introduction of new powers for TPR concerning employer debt. It also introduces a requirement to assess, manage and report on climate related risks and extra conditions that members must satisfy before they are able to transfer out their LGPS benefits.</p> <p>The provisions of the Act that will affect the LGPS in the main are:-</p>	Updated

Organisation	Item	Details	Status
		<p><u>Climate risk reporting</u> On 27 January 2021, the Government launched a consultation on regulations entitled 'Taking action on climate risk: improving governance and reporting by occupational pension schemes' which ran until 10th March 2021. The scope of the regulations do not include the LGPS however regulations are expected from MHCLG to substantially mirror the requirements set out in this document with a consultation on such regulations expected in the near future.</p> <p><u>Pensions Dashboards</u> Administering authorities should take action to improve data quality to ensure that they are ready to supply the right information to the dashboards once they are live.</p> <p><u>Transfers out</u> We are waiting for secondary legislation to fill in the detail of the extra conditions members must satisfy before they are able to transfer out their LGPS benefits.</p> <p><b>On 7 Oct 2020</b>, the Pension Schemes Bill, which started in the House of Lords and was introduced into the House of Commons on 16 July 2020, had its Second Reading and is due have two days in Public Bill Committee on 3 and 5 November.</p> <p><b>On 19 Dec 2019</b>, the Queen announced, in her speech, that the Government will reintroduce the Pension Schemes Bill which has been introduced in the House of Lords with the second reading on 28 January 2020. The Bill will now move to committee stage.</p> <p><b>On 14 Oct 2019</b>, the Queen confirmed, in her speech, that a new Pension Schemes Bill will be introduced and will:-</p> <ul style="list-style-type: none"> <li>• strengthen TPR's powers</li> <li>• provide a framework to support pensions dashboards and</li> <li>• introduce regulations covering the right to a pension transfer.</li> </ul>	
TPR	Codes of Practice	<p><b>Previous Update:-</b></p> <p><b>On 24 August 2021</b>, TPR published its interim response to its consultation on the New Code of Practice which ran from 17 March 2021 to 26 May 2021. The main areas of concern from</p>	No Further Update

Organisation	Item	Details	Status
		<p>respondents focussed on Unregulated Investments and the requirements for schemes to carry out an “own risk assessment”.</p> <p>Further details can be found <a href="#">here</a>.</p> <p>It's not expected that the New Code will become effective before Summer 2022.</p> <p><b>On 17 March 2021</b>, TPR launched its New Code of Practice consultation. The consultation closed on 26 May 2021. The draft new code consolidates (with updates and amendments) most of the existing codes of practice, including the public service code of practice 14, into a new online code providing a single up-to-date and consistent source of information. The other codes will be consolidated into the single code at a later date, subject to further consultation.</p> <p><b>On 17 March 2021</b>, TPR launched its New Code of Practice consultation. The consultation closed on 26 May 2021. The draft new code consolidates (with updates and amendments) most of the existing codes of practice, including the public service code of practice 14, into a new online code providing a single up-to-date and consistent source of information. The other codes will be consolidated into the single code at a later date, subject to further consultation.</p> <p><b>On 1 September 2020</b>, TPR confirmed that it intends to launch the formal consultation on a single Code of Practice in late 2020 or early 2021.</p> <p><b>Background:-</b></p> <p>The Pensions Regulator announced changes to existing codes of practice. The content of the 15 current codes of practice will be combined to form a single shorter code. The changes will reflect the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes most affected by these regulations will be addressed first, and this includes Code of Practice 14 (public sector schemes). Schemes will need to demonstrate that they have an effective governance system within 12 months of the date the updated codes are published.</p>	
DWP	State Pension Age Review	<b>Latest Update:-</b>	<b>Added</b>

Organisation	Item	Details	Status
		<p><b>On 14 December 2021</b> the DWP launched its <a href="#">second review</a> of State Pension Age to consider if the current rules are still appropriate based on latest life expectancy and other evidence. The latest review will need to be published by 7 May 2023. Independent reports from the Government Actuary and Baroness Neville-Rolfe have also been commissioned as part of the review.</p>	
HMT	Consultation on the Increase to the Normal Minimum Pension Age (NMPA)	<p><b>Latest Update:-</b></p> <p><b>On 17 January 2022</b> HMRC published its latest <a href="#">newsletter</a> which sets out further information about the plans to increase the normal minimum pension age from 55 to 57 on 6 April 2028.</p> <p>LGPS administering authorities have already begun to amend their processes in relation to transfer value requests to reduce the likelihood that cases needed to be revisited in the future when changes to the LGPS regulations arising from the NMPA increase are confirmed.</p> <p><b>Previous Update:-</b></p> <p><b>On 4 November 2021</b> The Finance Bill 2021-22 was published setting legislating for the tax charges announced in the budget and formally confirming that the increase to the Normal Minimum Pension Age (NMPA) from 55 to 57 will go ahead in 2028</p> <p>As referenced previously, the issue of whether LGPS members will be able to receive payment of benefits between 55 and 57 via the LGPS Regulations has been raised with DLUHC (formerly MHCLG) by LGA and a response is awaited.</p> <p><b>On 14 September 2021</b> a Technical Consultation in relation to the draft legislation published in July 2021 closed.</p> <p><b>On 20 July 2021</b>, HMT published their response to the consultation on implementing the increase to the normal minimum pension age. The response can be found <a href="#">here</a>. On the same day HMRC published a policy paper and draft legislation which will be introduced as part of the next Finance Bill. This can be found <a href="#">here</a>.</p> <p>Though the Finance Act 2004 will provide for protected pension ages, it will be up to</p>	Updated

Organisation	Item	Details	Status
		<p>MHCLG whether to allow LGPS members to receive payment of benefits between 55 and 57 via the LGPS Regulations. This issue has been raised with MHCLG by LGA and a response is awaited.</p> <p><b>On 19 April 2021</b>, the Local Government Pension Committee (LGPC) responded to the consultation on increasing the normal minimum pension age (NMPA). You can read the LGPC response on the non-scheme consultations page of <a href="http://www.lgpsregs.org">www.lgpsregs.org</a>.</p> <p><b>On 11 February 2021</b>, HMT published Increasing the normal minimum pension age: consultation on implementation. The consultation, which closes on the 22 April 2021, re-confirms the Government's commitment to increasing the NMPA and seeks views on the implementation of the rise in NMPA and protections for pension scheme members. It proposes that members who have a right under the scheme rules to take benefits before age 57 at the date of the consultation will be protected from the increase in NMPA.</p> <p><b>Background:-</b></p> <p>In 2014, the Coalition Government consulted on increasing the normal minimum pension age (NMPA) from 55 to 57 from 6 April 2028 as part of the Freedom and choice in pensions consultation.</p>	

Organisation	Item	Details	Status
DWP	Pensions Dashboard	<p><b>Latest Update:-</b></p> <p><b>On 31 January 2022</b> DWP launched a <a href="#">consultation</a> on the draft Pensions Dashboards Regulations. The consultation closes on 13 March 2022.</p> <p>Since the previous update a number of other publications have been released by the Pensions Dashboards Programme (PDP):</p> <ul style="list-style-type: none"> <li>On 15 December 2021 PDP confirmed <a href="#">three potential dashboard providers</a> have been selected to take part in the initial development of the ecosystem. Further comments from PDP, published on 11 January 2022 on the dashboard providers market can be found <a href="#">here</a>.</li> <li>On 25 January 2022 the PDP published a <a href="#">report</a> from Ipsos Mori on their research undertaken on the attitudes of dashboard users, their circumstances, behaviours and views of the dashboard concept, together with PDPs own <a href="#">summary</a> of the findings.</li> <li>The PDPs <a href="#">November Newsletter / progress report</a> was also published.</li> </ul> <p><b>On 16 December 2021</b> the PLSA published an <a href="#">A to Z industry guide</a> which identifies 26 key issues that need to be resolved to make the initial pensions dashboards a success.</p> <p><b>Previous Update:-</b></p> <p><b>In October 2021</b>, there were a number of developments and publications.</p> <ul style="list-style-type: none"> <li>The Pensions Dashboards Programme issued a summary of the key themes emerging from its Staging Call for Input that was issued in July 2021, which had just over 60 respondents. The summary can be found <a href="#">here</a>.</li> <li>It was announced that draft regulations on pension dashboards are expected to be published by the end of 2021 / early 2022. These regulations will set out more details of what data will need to be supplied, how it will need to be supplied and what standards will have to be met.</li> </ul>	Updated

Organisation	Item	Details	Status
		<ul style="list-style-type: none"> <li>The PDP also published its latest progress report on 26 October 2021, which can be found <a href="#">here</a>, and which recommends Schemes act now to prepare for the dashboard before legislation requires it.</li> </ul> <p>The Fund has now appointed a dedicated officer to oversee the Fund's ongoing responsibilities in relation to the development of the Pensions Dashboard.</p> <p><b>On 5 July 2021</b>, LGA published its response to the Pensions Dashboards Programme Staging Call for Input. You can read the LGPC response <a href="#">here</a>.</p> <p><b>On 1 July 2021</b>, TPR published its results from the Public Service Governance and Administration Survey 2020-21, which can be found <a href="#">here</a>. Section 4.10 focussed on Pension Dashboards.</p> <p><b>On 13 April 2021</b>, the Pensions Dashboards Programme (PDP) issued an invitation to tender for a supplier to provide the digital architecture for pension dashboards. The chosen supplier will provide the main parts of the digital architecture. This will include the pension finder service, the consent and authorisation service and the governance register.</p> <p><b>In March 2021</b>, the Pensions Administration Standards Association (PASA) published guidance on how to start getting ready for pensions dashboards. This is the first of a series of releases of PASA guidance for UK pension schemes, trustees and providers on how to start getting ready for pensions dashboards, see link <a href="#">here</a>.</p> <p><b>On 15 December 2020</b>, the Pensions Dashboard Programme (PDP) published the key data standards which will underpin pensions dashboards. Data standards provide a common language to describe the pensions information that will be found and displayed on the dashboards. Pension schemes will need to make sure that their data is consistent with the standards, so that members can access this through the dashboards. With onboarding to dashboards expected from 2023, the PDP urges all schemes to start preparing their data now.</p> <p><b>On 28 October 2020</b>, the Money and Pensions Service (MaPS) published their second Pensions Dashboards Programme progress update report, see link <a href="#">here</a>. The report includes updates on:</p>	



Organisation	Item	Details	Status
		<ul style="list-style-type: none"> <li>• the Pension Dashboards Programme's (PDP) high level activity plan</li> <li>• resourcing to deliver next phases of the programme</li> <li>• market engagement to help finalise digital architecture requirements</li> <li>• refining requirements for identity verification</li> <li>• setting up a working group to ensure consumer focus</li> <li>• reviewing feedback.</li> </ul> <p>The timetable in the report reveals that the PDP expects the dashboard to be available to retirement savers for the first time in 2023.</p> <p><b>In April 2020</b>, MaPs published two papers:-</p> <ul style="list-style-type: none"> <li>• Pensions Dashboards Data Definitions – Working Paper (which lists the set of data items that could be included in the dashboards data standards.</li> <li>• Pensions Dashboards Data Scope: Working Paper (which looks at options for achieving early breadth of coverage and confirms that initial dashboards will only include information that is already available on annual statements to enable the maximum number of pension schemes to onboard at an early stage.</li> </ul> <p>MaPS requested formal feedback on these papers throughout July and August and are currently reviewing the responses received and will give a summary in the autumn.</p> <p><b>Background:-</b></p> <p>The Pensions Dashboard is an online service which would allow people to see information from multiple pensions all in one place. Following a feasibility study, conducted by DWP, to explore the options for delivering the Pensions Dashboard, the Government launch a consultation in Dec 2018 setting out the findings of the study and their recommendations for dashboards. In April 2019, the government published its response to the consultation outlining the key details of their plan including:-</p> <ul style="list-style-type: none"> <li>• Legislation to compel pension providers to make consumers' data available on the dashboard</li> </ul>	

Organisation	Item	Details	Status
		<ul style="list-style-type: none"> <li>• Staged onboarding of schemes with the majority of schemes participating within 3 to 4 years</li> <li>• The inclusion of state pension data</li> <li>• A commitment to multiple dashboards, with a non-commercial dashboard being overseen by the Money and Pensions Service (MAPS).</li> </ul> <p>MAPS will lead the delivery of the initial phase of the pensions dashboards and will bring together a delivery group made up of stakeholders from across the industry, consumer groups, regulators and government.</p> <p>The DWP advises the pensions industry to get ready, in the next three to four years, to submit data. Compulsion will require primary legislation and the Pensions Minister, Guy Opperman, has indicated his Department's intention to include a Pensions Bill in the next Queen's Speech for this.</p>	
<b>Government</b>	<b>Divorce, Dissolution and Separation Act 2020</b>	<b>On 25 June 2020</b> , the Divorce, Dissolution and Separation Act 2020 received royal assent and will, in the main, come into force on a date to be appointed by Government. The Act will revise the legal process in England and Wales for married couples to obtain divorces and for civil partners to dissolve their civil partnership. It will also update terminology: terms such as “decree nisi”, “decree absolute” and “petitioner” will be replaced with “conditional order”, “final order” and “applicant”.	<b>No Further Update</b>
<b>Government</b>	<b>Levelling Up</b>	<p><b>Latest Update:-</b></p> <p><b>On 2 February 2022</b>, the UK Government published its white paper on Levelling Up, setting out the Government's plans to spread economic opportunities more equally across the UK. The plans are wide-ranging, with the intention to address six drivers of spatial disparity across “missions”. The paper outlines the role of institutional investment in the Levelling Up agenda as providers of capital.</p> <p>Specifically for the LGPS, the paper notes the progress to date with increasing investment in infrastructure, from &lt;£1bn in 2016 to £21bn in 2021, largely through the asset pools. As part of the proposals, individual LGPS funds will need to publish their plans to target up to 5% of their assets being invested in “local” projects.</p>	<b>Added</b>

Organisation	Item	Details	Status
		<p>Full details can be found on p162 of the white paper, available at the link below. It is expected a consultation will follow later in the year.  <a href="https://www.gov.uk/levelling-up-the-united-kingdom">Levelling Up the United Kingdom - GOV.UK (www.gov.uk)</a></p> <p>The white paper also includes details (p420) of a mission to narrow the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest by 2030, and by 2035 increase the HLE by 5 years. Any improvements in life expectancy will ultimately impact pension schemes, including the LGPS, given some benefit payments will be made for longer, notwithstanding any corresponding increases in state pension age.</p>	
SAB	Responsible Investment	<p><b>Latest Update:-</b></p> <p><b>On 25 January 2022</b>, a meeting took place between the Chair and representatives of the LAPFF and the SAB secretary with Micheal Lynk to discuss his letter to LGPS pension committee chairs of 22 November. It was made clear that LGPS Funds' primary objectives is to pay benefits are paid to member but Funds do take human rights issues seriously. Discussions are to remain ongoing between all parties.</p> <p><b>In November 2021</b> the United Nations (UN) Special Rapporteur on the Palestinian Territories, Micheal Lynk, sent a <a href="#">letter</a> to all LGPS pension committee chairs (alongside LAPFF and SAB) asking a number of questions of LGPS Funds about their investments.</p> <p><b>Previous Updates:-</b></p> <p><b>In November 2021</b> DLUHC is preparing to issue a consultation on TCFD for the LGPS shortly. (Aside, guidance on asset pooling in the LGPS is also expected.)</p> <p>In October 2021 the All-Party Parliamentary Group on Local Authority Pension Funds recently called on LGPS funds to ensure a "just transition" by mitigating the negative economic and social effects for those currently employed in carbon-intensive industries. The full report can be found <a href="#">here</a>.</p>	Updated

Organisation	Item	Details	Status
		<p><b>On 8 June 2021</b>, DWP published regulations in parliament to require schemes with £5bn or more in assets, and all authorised master trusts, to report on how they will manage their climate risk from October this year, alongside Guidance for trustees of occupational schemes.</p> <p>These requirements do not however apply to the LGPS. MHCLG will be consulting on regulations which will require similar levels of risk assessment and reporting later this year.</p> <p><b>On 28 April 2021</b>, Cllr Phillips, Chair of the SAB, announced the launch of the online A-Z guide to Responsible Investment (RI) at the Local Authority RI Seminar. The guide provides a glossary of RI terms, organisations, standards and legislation indexed by its classification (what it is), category (where it fits in Environmental, Social and Governance (ESG)) and status (in the context of the LGPS legislative framework) with related LGPS specific case studies.</p> <p><b>On 3 March 2021</b>, the newly established Responsible Investment Advisory Group (RIAG) met for the first time. It discussed a wide range of responsible investment related issues, including MHCLG's proposals for Task Force on Climate-related Financial Disclosures (TCFD) reporting within the LGPS and the response to the LGPS All Party Parliamentary Group's inquiry into a "Just Transition". The main role of the group will be to advise the Scheme Advisory Board (SAB) and the Investment Committee on all matters relating to responsible investment. It will also be responsible for assisting the SAB in developing and maintaining the online Responsible Investment A to Z website.</p> <p><b>At the SAB Meeting in February 2021</b>, the Board was advised that work on preparing the responsible investment A to Z website continues. The first milestone, a working version of the website, has been reached and work will now commence on populating the underlying database with relevant items. The aim remains for the website to go live towards the end of March. The Board also agreed membership of the new Responsible Investment Advisory Group (RIAG) as recommended by the investment, governance and engagement committee. The first meeting of the RIAG is scheduled for early March.</p> <p><b>At the SAB Meeting in May 2020</b>, members were advised that work on preparing an A-Z guide to Responsible Investment will continue over the summer. As agreed in February the guide will not at this stage include any reference to fiduciary duty. The aim is to have a final draft for wider consultation ready to be considered by the Board by mid-August.</p>	

Organisation	Item	Details	Status
		<p><b>On 11 May 2020</b>, SAB issued a statement on the Supreme Court boycotts judgement as follows:-</p> <p>‘The SAB welcomes the clarity brought by the judgement of the Supreme Court in the case of R (on the application of Palestine Solidarity Campaign Ltd and another) Appellants) v Secretary of State for Housing, Communities and Local Government (Respondent). In seeking to restrict the outcome as well as the considerations taken account of by an LGPS administering authority when developing its responsible investment policy, the government has been judged to have overstepped its powers. It is the Board’s view that Responsible Investment policy decisions belong at the local level reflecting: the need to pay pensions both now and in the future; local democratic accountability and the views of scheme members; and that outcomes of policy developments should not be subject to restrictions based on unrelated matters’.</p> <p><b>On 24 February 2020</b>, the SAB issued a statement thanking all those who responded to the request for comments on Part 1 of the Responsible Investment draft guidance. They advised that responses have been generally positive, however, some respondents have raised concerns around the issue of fiduciary duty in the context of the LGPS and, in particular, the role and responsibilities of elected members responsible for making investment decisions.</p> <p>The Board is also aware that the issue of fiduciary duty was discussed during the recent case in the Supreme Court involving the Palestine Solidarity Campaign and MHCLG that could shed some light on how the fiduciary duty test applies to investment decision makers in the LGPS. More recently, the government has introduced amendments to the Pension Schemes Bill which potentially could have a significant impact on the way in which investment strategy statements are prepared on issues like ESG and climate change.</p> <p>For these reasons, the view is taken that it would be imprudent at this stage to offer any definitive advice or guidance on how the fiduciary duty test applies to investment decision makers in the LGPS. The Board has therefore decided to take stock until it has had the opportunity to evaluate the judgement handed down by the Supreme Court and when more is known about the government’s position on the proposed climate change provisions in the Pension Schemes Bill.</p> <p>Notwithstanding this decision, the Board is mindful that there are matters outside of fiduciary duty where advice and information would continue to be helpful. The Board has therefore decided to</p>	

Organisation	Item	Details	Status
		<p>restructure the proposed guidance to explain and clarify the terminology associated with responsible investment and provide investment decision makers with a range of information, case studies and tools to help them meet the challenges associated with responsible investment. The revised document will be circulated in draft to scheme stakeholders for comment in the normal way.</p> <p>This change of direction will not preclude the Board from addressing the issue of fiduciary duty as a separate issue once the Supreme Court judgement in the foreign boycott case has been handed down and when there is more certainty about the government's proposals under the Pension Schemes Bill.</p> <p><b>On 3 January 2020</b>, APF issued their response to the consultation.</p> <p><b>Background:-</b></p> <p><b>At the meeting of the Scheme Advisory Board on the 6th November 2019</b>, approval was given for the first part of guidance on responsible investment to be published for consultation. The aim of this first part of RI guidance is to assist and help investment decision makers to identify the parameters of operation within scheme regulations, statutory guidance, fiduciary duty and the general public law and the scope for integrating ESG policies as part of investment strategy statements. The Board wished to make it clear that there is no intention to prescribe the extent to which ESG policies must be adopted as this must clearly remain a matter for local consideration and agreement in accordance with MHCLG's statutory guidance.</p> <p>The Board also agreed that work should commence on drafting part two of the guidance, the aim of which is to provide investment decision makers with a toolkit they can use to further integrate ESG policies as part of their investment strategy. As part of the consultation on part one of the guidance, consultees were also invited to submit details of case studies that evidence the successful adoption of ESG policies, in particular, those focused on the risks associated with climate change. Consultees were also invited to suggest other matters that should be included in the part two guidance. The aim will be to have prepared a working draft of the part two guidance in time for it to be considered by the Board when it next meets in February 2020.</p>	

Organisation	Item	Details	Status
Government	Academies Consolidation	<p><b>Latest Update:-</b></p> <p><b>On 9 December 2021</b> DLUHC started a second consultation on the proposed consolidation of academies within the Oasis Multi-Academy Trust into one LGPS Fund. Oasis currently participates in 16 LGPS Funds, including the Avon Fund.</p> <p>The previous consultation took place in June 2021. The current consultation closes on 17 February 2022 and the Avon Fund will be responding to this.</p> <p>Should agreement be reached for the consolidation to proceed, this is likely to have a number of implications for the Funds involved in transferring the individual Oasis academies to the single-fund including administration, investment, funding and governance. There may also be implications for any precedent set as part of this case with regard to other Multi-Academy Trusts looking to consolidate in a similar manner.</p>	Added

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>22 March 2022</b>
TITLE:	<b>PENSION FUND ADMINISTRATION</b> <b>Overview &amp; Summary Performance Report</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> Appendix 1 – Performance against SLA & Workload Appendix 2 – TPR Data Improvement Plan Appendix 3 - Progress on Key Projects	

## **1 THE ISSUE**

- 1.1 The purpose of this report is to present the Fund's performance for the three months to 31<sup>st</sup> December 2021 against its key performance indicators (KPI's) in relation to the administration of pension benefits.
- 1.2 The report also provides an overview of the plan to undertake the tri-annual valuation.

## **2 RECOMMENDATION**

The Pension Board is asked to Note:

- 2.1 Fund performance for the three months to 31<sup>st</sup> December 2021.
- 2.2 The plan to undertake the tri-annual valuation

## **3 COVID-19 AND BUSINESS CONTINUITY**

- 3.1 With multiple lockdowns since 23<sup>rd</sup> March 2020, the Fund has focussed on communications, across all relevant stakeholders to monitor and manage business operations remotely.
- 3.2 As the government begins to remove COVID restrictions, APF officers are undertaking a more blended working approach in line with arrangements being introduced by the employing authority. Temporary working arrangements are now in place to occupy 15 workstations in the Guildhall.

3.3 Arrangements for future long term office accommodation are currently taking place at high level with discussions between the Head of Business Finance & Pensions and B&NES.

3.4 In light of changes made to operational service delivery brought about by the pandemic, the management team are in the process of reviewing current Business Continuity Plans and a report will be presented to the Pensions Committee and Pension Board at a future date.

## 4 WORKLOAD

4.1 **Appendix 1** provides details of APF performance up to the end of the last quarter for KPI's measured against the current SLA. Generally, the Fund continues to operate below its desired target of >90% for most case types (Annex 1) although the case-by-case breakdown (Annex 2) evidences an overall improvement in critical processes for retirements and death cases from the previous quarter. Generally, however, KPI benchmarking performance has declined over the past year (Annex 3).

4.2 A contributory factor relating to underperformance can be associated with the inclusion of the current backlog project and the processing of historic workload cases impacting KPI's.

4.3 As outlined in the previous report, a short-term project is in progress to complete the build-up of processing work identified at the end of September 2021. The project is set to run from October to March with the aim being to clear down all 'backlog' cases over a six-month period whilst continuing to maintain all new business as usual tasks in time.

4.4 Detail on progress made to clear the backlog are shown below. Currently there is a projected six week overrun on the original completion date which has been attributed to two factors being; an increase in staff officer resource transitioning from the project to support business as usual and the complexity of a number of backlog cases remaining.

Member Services Backlog Dashboard as at 14/02/2022 06:50:03

Project Start	11/10/2021	Starting Backlog	4,230	Days Allocated	171	Comp Rate (orig)	24.74	Projected End	08/05/2022
Today's Date	14/02/2022	Completed	2,547	Days Elapsed	126	Comp Rate (act)	20.21	Running Late	
Project End	31/03/2022	Outstanding	1,683	Days Remaining	45	Comp Rate (req)	37.40	% of Work Remaining	35.36%

4.5

## 5 FIRE PENSION SCHEME – MOU & FRAMEWORK AGREEMENT

5.1 The Fund continues to support the Avon Fire Authority in providing affected members with retirement options as identified under the immediate detriment and framework (IDF) agreement in lieu of the McCloud remedy.

5.2 Full adoption of the IDF by Avon Fire Authority will impact business operations as resource is re focussed and work will need to be reprioritised in the short term. Further information will be presented to the Pensions Committee and Pension Board as the situation evolves.

## 6 RESOURCE RECRUITMENT & TRAINING

6.1 Recruitment and retention remain a key factor impacting business operations. With a further 2 resignations in the recent past the administration team is currently carrying 8 vacancies across both employer and member services teams in addition the Technical & Compliance post remains unfilled. The administration is also carrying three maternity

absences across the service at this time. Of the above, Employer Services currently have 5 FTE outstanding vacancies, after 2 rounds of recruitment the posts remain vacant.

- 6.2 As such the previously agreed phased recruitment plan is behind schedule as staff movement continues to impact progress. Recruitment continues to backfill vacant posts, maternity cover and secondment to projects and overstaffing is being considered at Assistant Pensions Officer level to mitigate the impact of further staff movement.
- 6.3 To mitigate operational workload some project work has already been outsourced. In particular; GMP reconciliation project and the address tracing project. Officers are now in discussion with external bodies to procure additional support for the leaver data backlog (appx 2,000 cases). Mercer consultants continue to provide Technical & Compliance advice and guidance.

## **7 SUMMARY OF FUND MEMBERSHIP DATA QUALITY**

7.1 As we head toward the financial year end officers are now making preparations for the triannual valuation, and the following actions are being taken:

- Using the Mercer data tool we are reviewing all consistency errors, clearing approximately 1,000 errors
- Reviewing employer data by employer size and data liability as indicated by the Mercer tool. We are working through the data errors and will be contacting employers to resolve queries where data is missing.
- CARE roll up reports used to identify missing data and casual workers that have not been paid for some time and requesting employers to make them leavers.
- Back log of leavers to be reviewed, we are looking to identify leavers from smaller employers to help reduce their liability.
- Employer Relations team are running training workshops for employers that have received penalty charges for 2020/21 year end.
- TPR data queries are being analysed and split between current and historic cases and will be project managed by a senior member of the Employer Services team to complete.

The data tool from Mercer has been a fundamental source of information as it ranks employers by liability and size to ensure we can focus our limited resource.

7.2 Following a review of the 2020/21 year end employer submissions, 6 penalty charges have been issued in accordance with the Pensions Admin Strategy:-

- 1 x excessive data queries
- 2 x late returns
- 3 x Disproportionate work

In addition to the above, 12 Data Improvement Plans have been issued to other employers who have data issues but did not receive a penalty charge. 5 of the fined employers have attended pension data workshops.

7.3 Officers are developing the TPR DIP report to provide an annual trending view of the outstanding cases for the last 12 months. A draft of the current report is attached at

### **Appendix 2**

## **Valuation Timeline**

7.4 All employers have been contacted with regard to year end data requirements and have been instructed to provide the Fund with complete membership data returns by 30<sup>th</sup> April. This will allow the Fund two months to identify any data cleansing and processing of pre - 31<sup>st</sup> March case work.

7.5 The full data extract will be supplied to the scheme actuary at the end of June.

7.6 For committee and Pension Board the 2022 valuation exercise will start with a joint workshop in June. The workshop will discuss the indicative results (which reflect changes in financial markets only) and the assumptions to be used in the valuation. It will also cover the Funding Strategy Statement (FSS) as the revised draft statement will be considered by the Committee at its June meeting before it is issued to employers for consultation. The Pension Board will also be part of the FSS consultation. At the September meeting the FSS will be approved by committee having considered the consultation responses and employer specific contribution results will be disseminated from late October. The outcome of the 2022 valuation will be taken to the March 2023 committee meeting.

## **8 PROGRESS ON KEY PROJECTS**

8.1 **Appendix 3** provides the current position on a number of key operational projects currently in progress with an outline of further actions to be taken.

8.2 This is not a comprehensive list of all strategic administration projects and the report will be developed going forward to reflect APF expectations measured against those as set out in the service plan.

8.3 Whilst the majority of projects remain in progress and on target some delays have inevitably occurred in other areas and overall strategic objectives will need to be reviewed and recalibrated as the Fund presents the business plan for 2022/2025.

## **9 SERVICE PLAN 2022/2025**

9.1 The Fund is currently preparing the 2022/2025 Service Plan and Budget for approval by the committee at its meeting on 25<sup>th</sup> March

9.2 A number of key changes to the business operational model will be taken forward in order to support the drive to deliver a more efficient automated service.

9.3 An overview of the proposed operational model and top level structure concept will be presented to the Pension Board for discussion.

## **10 RISK MANAGEMENT**

10.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition, it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations.

## **11 EQUALITIES STATEMENT**

11.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

## **12 CLIMATE CHANGE**

12.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

## **13 OTHER OPTIONS CONSIDERED**

13.1 There are no issues to consider not mentioned in this report.

## **14 CONSULTATION**

14.1 The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance representing the administering authority.

<b>Contact person</b>	<i>Geoff Cleak, Pensions Manager; Tel 01225 395277</i>
<b>Background papers</b>	<i>Various statistical documents.</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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## Annex 1 Overall Performance by Case Type

		Cases Last Quarter				
		Measured Against SLA				
		Total Processed	Total Processed in Target	Percentage Processed within Target	Total Processed within 5 days of Target	Percentage Processed within 5 days of Target
Retirement (from Active)	Quote - 15 days	367	296	80.65%	45	92.92%
	Payment - 15 days	317	286	90.22%	18	95.58%
Retirement (from Deferred)	Quote - 30 days	128	48	37.50%	19	52.34%
	Payment - 15 days	329	270	82.07%	33	92.10%
Deaths	Notification - 5 days	97	81	83.51%	15	98.97%
	Payment - 10 days	72	65	90.28%	4	95.83%
Refund of contributions	Quote - 10 days	386	103	26.68%	76	46.37%
	Payment - 10 days	85	66	77.65%	9	88.24%
Deferreds (early leavers)	30 days	741	706	95.28%	35	100.00%
Transfers In	Quote - 10 days	73	16	21.92%	9	34.25%
	Payment - 10 days	25	0	0.00%	1	4.00%
Transfers Out	Quote - 10 days	433	167	38.57%	42	48.27%
	Payment - 10 days	18	10	55.56%	5	83.33%
Estimates	Member - 15 days	171	140	81.87%	19	92.98%
	Employer - 15 days	38	28	73.68%	3	81.58%
Divorce	Quote - 45 days	54	50	92.59%	0	92.59%
	Actual - 15 days	2	1	50.00%	1	100.00%
Starters	40 days	2147	2147	100.00%	0	100.00%
		5483	4479	81.709%	334	87.78%

RAG key	
Red	Less than 75%
Amber	75 - 89%
Green	90 - 100%

Annex 2  
Case No's vs Target

		Tasks Last Quarter							
		Average Days to Process	Actual Days to Process						
			0 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	31+
Retirement (from Active)	Quote - 15 days	12	88	124	84	45	20	5	1
	Payment - 15 days	8	148	83	54	18	8	4	2
Retirement (from Deferred)	Quote - 30 days	10	67	9	8	5	5	8	26
	Payment - 15 days	9	179	54	37	33	14	8	4
Deaths	Notification - 5 days	11	81	15	0	1	0	0	0
	Payment - 10 days	5	55	10	4	1	2	0	0
Refund of contributions	Quote - 10 days	32	42	61	76	47	28	11	121
	Payment - 10 days	15	43	23	9	4	3	2	1
Deferreds (early leavers)	30 days	13	308	146	123	69	36	24	35
Transfers In	Quote - 10 days	25	8	8	9	8	6	2	32
	Payment - 10 days	36	0	0	1	4	1	6	13
Transfers Out	Quote - 10 days	39	45	122	42	38	40	87	59
	Payment - 10 days	20	8	2	5	0	3	0	0
Estimates	Member - 15 days	12	59	42	39	19	7	4	1
	Employer - 15 days	7	14	8	6	3	3	3	1
Divorce	Quote - 45 days	23	14	12	3	5	7	7	6
	Actual - 15 days	0	0	1	0	1	0	0	0
Starters	40 days	24	1796	164	2	2	0	0	183

RAG key	Processed
Red	More than 5 days over target
Amber	Within 5 days of target
Green	Within target

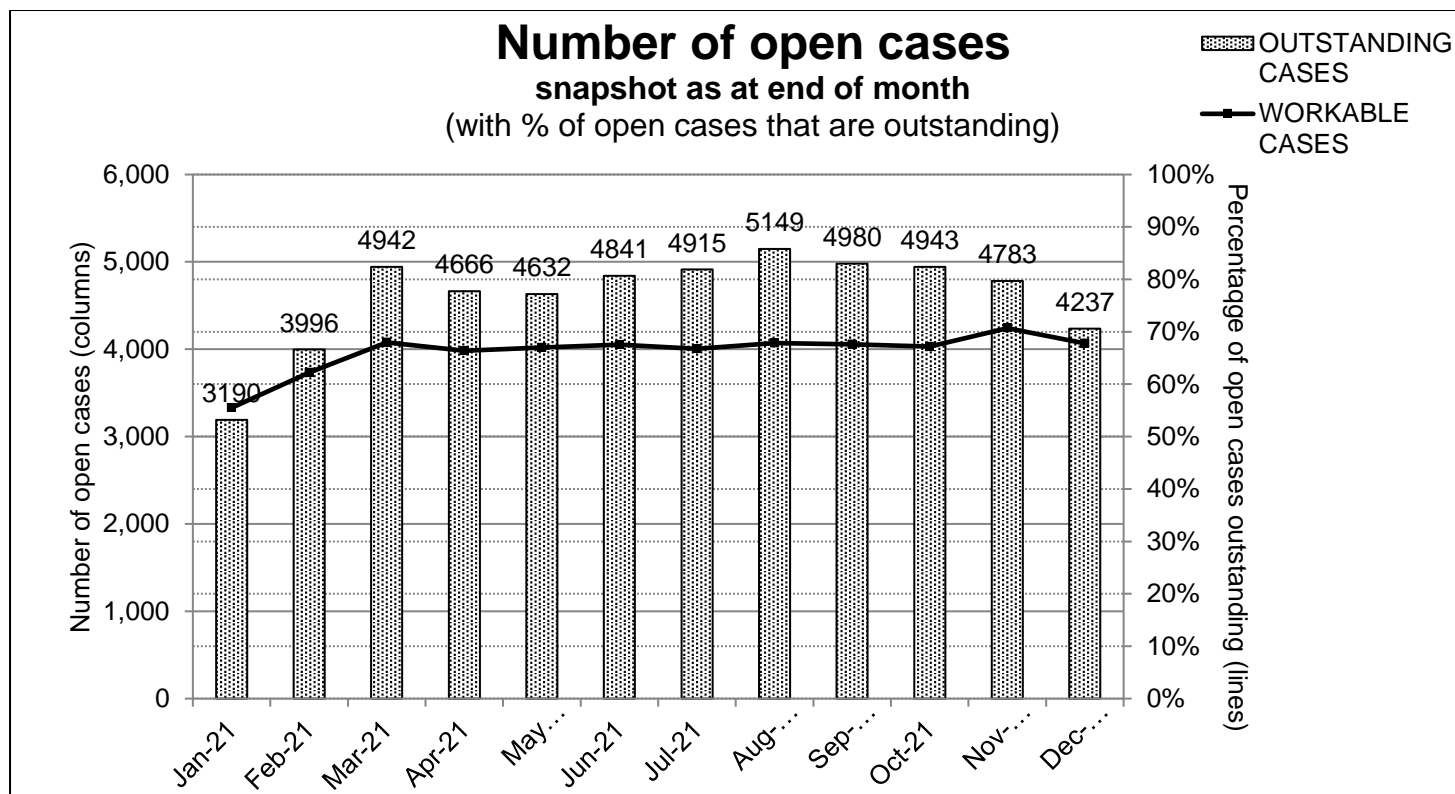


## Annex 3 Trend in Overall Performance

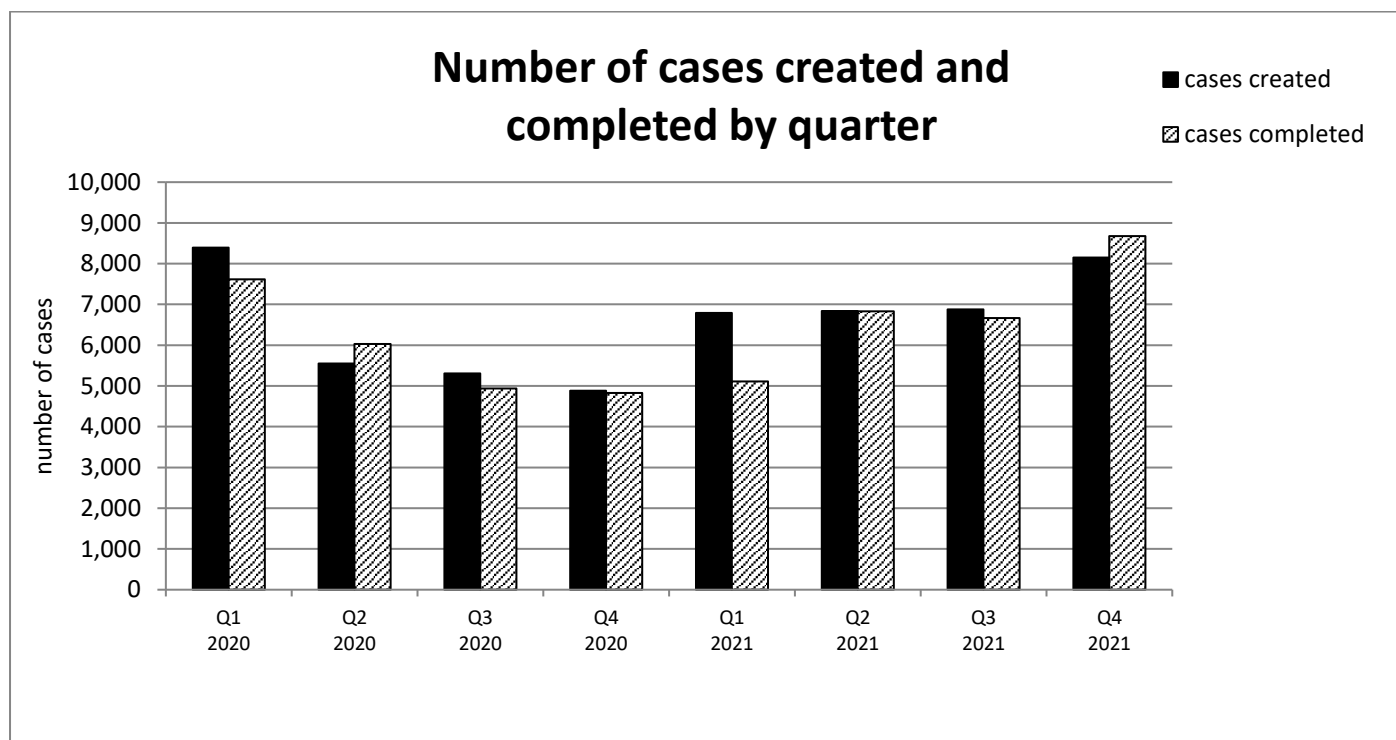
SLA Standards for Processing Admin Tasks						
Work Type	Target Processing SLA (Old/New)	Q1 Jan 21 - Mar 21	Q2 Apr 21 - Jun 21	Q3 Jul 21 - Sept 21	Q4 Oct 21 - Dec 21	Trend
Retirement (from Active)	Quote - 5 / 15 days	71.26%	55.26%	45.05%	80.65%	
	Payment - 5 / 15 days	75.54%	76.39%	87.39%	90.22%	
Retirement (from Deferred)	Quote - 30 days	45.78%	50.00%	31.52%	37.50%	
	Payment - 5 / 15 days	80.34%	74.03%	82.93%	82.07%	
Deaths	Notification - 5 days	93.13%	87.91%	93.68%	83.51%	
	Payment - 5 / 10 days	84.38%	80.00%	97.73%	90.28%	
Refund of contributions	Quote - 10 days	14.69%	28.57%	9.50%	26.68%	
	Payment - 10 days	32.86%	24.37%	65.22%	77.65%	
Deferreds (early leavers)	Notification - 20 / 30 days	73.40%	65.56%	65.78%	95.28%	
Transfers In	Quote - 10 days	36.14%	41.91%	1.36%	21.92%	
	Payment - 10 days	12.24%	28.57%	1.61%	0.00%	
Transfers Out	Quote - 10 days	4.80%	10.00%	10.13%	38.57%	
	Payment - 10 days	62.50%	47.06%	63.64%	55.56%	
Estimates	Member - 10/15 days	69.41%	45.99%	87.86%	81.87%	
	Employer - 15 days	78.57%	68.97%	76.47%	73.68%	
Divorce	Quote - 45 days	91.03%	90.48%	93.94%	92.59%	
	Actual - 15 days	100.00%	100.00%	100.00%	50.00%	
Starters	40 days	82.49%	72.53%	97.91%	100.00%	
Total Cases Processed		5167	4425	4224	5483	

RAG key	
Red	Less than 75%
Amber	75 - 89%
Green	90 - 100%

## Annex 4



## Annex 5



## Appendix 2

### TPR Improvement Plan Data

As at 31st December 2021

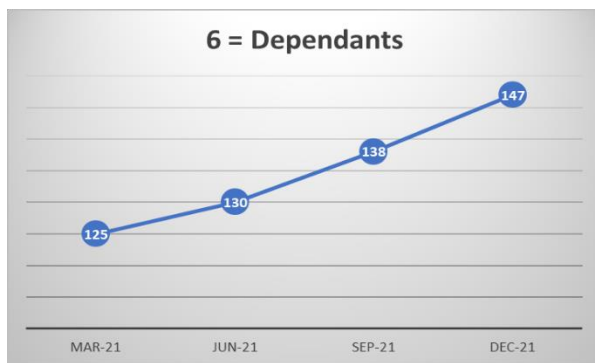
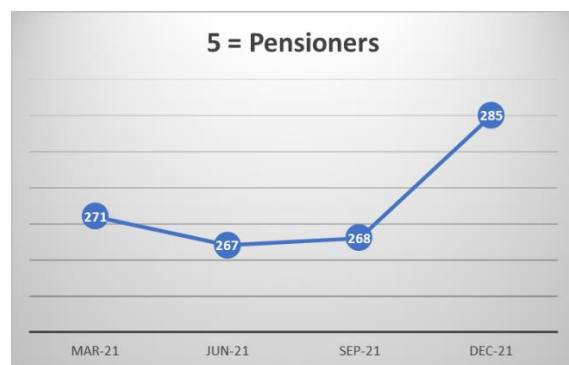
#### Annex 1 – TPR Errors by Member Numbers

	Sep-21				Dec-21				*Trend
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	
ACTIVE	37980	364	0.96%	99.04	39216	336	0.86%	99.14	- 28
UNDECIDED	5823	382	6.56%	93.44	5681	457	8.04%	91.96	+ 75
DEFERRED	42740	4041	9.45%	90.55	42784	3772	8.82%	91.18	- 269
PENSIONERS	33838	268	0.79%	99.21	34300	285	0.83%	99.17	+ 17
DEPENDANTS	5126	138	2.69%	97.31	5201	147	2.83%	97.17	+ 9
FROZEN	4345	1533	35.28%	64.72	4396	1474	33.53%	66.47	- 59
TOTALS	129852	6726	5.18%	94.82	131578	6471	4.92%	95.08	- 255

#### Annex 2 – Outstanding Queries by Type (there may be multiple queries per member)

	Sep-21		Dec-21		*Trend
	TPR Errors	%	TPR Errors	%	
Age 75 Exceeded Lgps Eligibility Issue	69	1.01%	71	1.08%	+ 2
Care Pay For 2014-2015 Required	7	0.10%	7	0.11%	0
Care Pay For 2015-2016 Required	8	0.12%	6	0.09%	- 2
Care Pay For 2016-2017 Required	15	0.22%	8	0.12%	- 7
Care Pay For 2017-2018 Required	36	0.53%	28	0.43%	- 8
Care Pay For 2018-2019 Required	28	0.41%	14	0.21%	- 14
Care Pay For 2019-2020 Required	14	0.21%	10	0.15%	- 4
Care Pay For 2020-2021 Required	23	0.34%	25	0.38%	+ 2
Missing data on leaver form - Escalation	0	0.00%	0	0.00%	0
Casual Hours Data Required	2	0.03%	0	0.00%	- 2
Correct Address Required	5599	82.35%	5353	81.70%	- 246
Correct Forenames Required	9	0.13%	9	0.14%	0
Correct Gender Required	7	0.10%	0	0.00%	- 7
Correct Hours Format Required	2	0.03%	1	0.02%	- 1
Correct Nino Required	206	3.03%	213	3.25%	+ 7
Correct Title Required ie Miss Or Mr	5	0.07%	4	0.06%	- 1
Data Required From A Previous Employer	23	0.34%	24	0.37%	+ 1
Date Joined Fund Required	1	0.01%	1	0.02%	0
Historic Refund Case	521	7.66%	496	7.57%	- 25
Leaver Form Required	223	3.28%	280	4.27%	+ 57
Pay Ref Required	1	0.01%	2	0.03%	+ 1
Grand total	6799	100%	6552	100%	

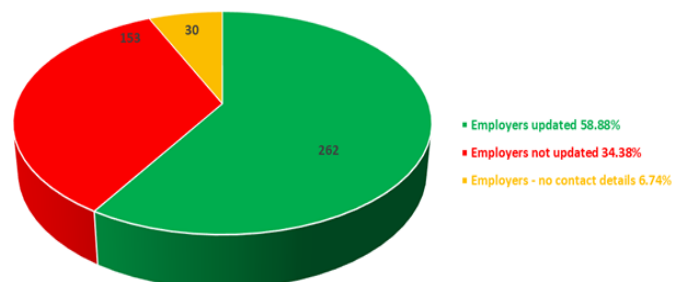
## TPR Error Numbers By Status



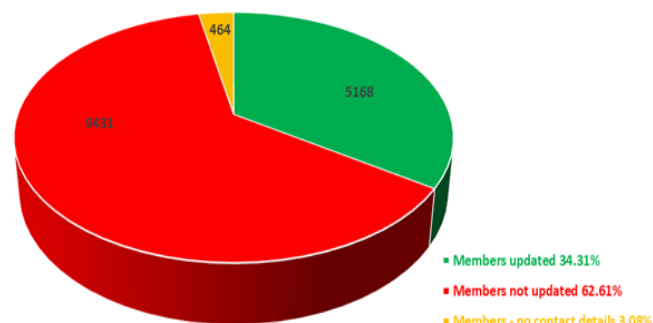


**McCloud**

Employers Completed



Members Completed



A further 43 employers covering 920 members have been completed.

We are still working with 2 of our largest employers to gain the service data we require, one has begun sending data the other has been rejected due to poor data submission.

Next steps:

Work with remaining employers yet to make data submissions and escalate to Finance Officers for compliance.

Upload data and deal with queries by 31<sup>st</sup> March 2022

Consider requirements and resource for remedy in preparation for regulations.

Consider how to deal with exited or insolvent employers

Consider how to deal with transfers

**i-Connect – Monthly Data Returns****Current IC Totals**

Employers on IC – 270 (60% of Employers)  
 Employers targeted for IC – 179 (40% of Employers)  
 Active Members covered by IC – 30,996  
 78% of active membership covered by IC  
 (figures as at 8/2/2022)

Progress has been made with Online Return employers, 17 smaller employers have been trained and are now submitting monthly data. 11 remaining to go live.

		<p>We are currently in the testing stage with 5 MAT/payrolls covering 46 employers. These will go live after Year End.</p> <p>The project will be paused over the Year End/Valuation period and will restart again in July 2022.</p> <p>Project completion date has been pushed back to 31 March 2023. Employers will be communicated with regarding deadlines and penalty fines will be issued for non-compliant employers as per PAS.</p>
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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	22 March 2022	AGENDA ITEM NUMBER
TITLE:	Risk Management Update – Risk Register	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1    Avon Pension Fund Risk Register		

**1. THE ISSUE**

- 1.1. The purpose of this report is to update the Pension Board with the latest risk register as at November 2021.

**2. RECOMMENDATION**

- 2.1. That the Board notes the report.

**3. FINANCIAL IMPLICATIONS**

- 3.1. There are no direct implications related to the Pension Board in connection with this report.

**4. REPORT – RISK MANAGEMENT PROCESS & RISK REGISTER**

- 4.1. The risk register identifies the significant risks that could have a material impact on the Fund in terms of value, reputation, compliance or provision of service and sets out the action taken to manage the risk.
- 4.2. The Risk Register is reviewed every quarter by the pension management team. All risks with a review date are re-evaluated using the evaluation form and updates agreed and made to the risk register. Any new risks identified or changes to any other risks are also considered and the necessary amendments made.
- 4.3. The risk register including likelihood, impact and mitigating actions is included in Appendix 1.
- 4.4. The risks identified fall into the following general categories:
- (i) Fund administration & control of operational processes and strategic governance processes and TPR compliance – mitigated by having appropriate policies and procedures in place, use of electronic means to receive and send data and information
  - (ii) Service delivery partners not delivering in line with their contracts or SLAs – mitigated by monitoring and measuring performance

- (iii) Financial loss due to payments in error, loss of assets due to investment strategy and/or managers failing to deliver required return, fraud or negligence of investment managers or custodian – mitigated by processes to reconcile payments, regular review of strategic return and manager performance and annual review of investment strategy, robust legal contracts to protect against fraud & negligence
- (iv) Changes to the scheme – mitigated by project plans with defined milestones and responsibilities, progress reviewed periodically by management team
- (v) Increasing political pressure to reform scheme structure and governance frameworks and direct investment decisions – mitigated by having well defined investment policies and by engaging with the government through the consultation process

## **5. QUARTERLY REVIEW OF RISK MANAGEMENT & REGISTER**

5.1. The quarterly review took place in March 22 and the management team agreed the following changes and updates:

In response to the developing Russia / Ukraine crisis we have increased the following risks:

### **5.1.1. R42 – Political pressure to reform the scheme and direct investment**

Likelihood has been increased to almost certain. Brunel PP have issued a statement to say that amongst a number of other measures they will divest (where able given sanctions) from all Russian controlled and owned assets, bonds and equities as well as prohibiting any new investments to Russian assets.

As part of the Levelling Up agenda, further regulations are expected to direct investments of LGPS Funds. In addition under the Public Services and Judicial Offices Bill currently passing through parliament the Secretary of State would be able to issue guidance to those authorities that administer public sector pension schemes, including the local government pension scheme, that they may not make investment decisions that conflict with the UK's foreign and defence policy.

### **5.1.2. R26 – Failure to earn investment returns**

Likelihood has been increased to almost certain. Ensuing sanctions, the disruption to the oil/gas sector and supply chains which will increase inflationary pressure and investor responses are expected to have a negative impact on broad asset markets and there is a risk of stranded assets (limited direct exposure to Russian assets; main risk in global companies that have Russian assets).

Updates to other risks which did not result in a change of score are:

### **5.1.3. R60 – Climate emergency**

Additional measures now to be undertaken on an annual basis to assess portfolios alignment with net zero and interim decarbonisation targets (Mercer ACT) from bottom up perspective.

### **5.1.4. R01 – Disaster recovery & business continuity**

Business continuity plan currently being reviewed by Audit, draft plan now received for review. Cyber security benchmarking exercise completed with AON and results analysed August 2021. Further internal assurances required

from IT. An action plan is currently being developed and a full report will be taken to Pension Board in May 2022 & Committee in June 2022.

#### **5.1.5. R40 – Cashflow profile is maturing**

Unitary authorities and now Universities are paying their future service rate in advance for 22/23. With deficits also paid in advance this will mean approximately 40% of contributions for the year will be received in April. Our cash limit was due to be increased by £10m, so this will mean we can hold more cash to offset need for regular drawdowns. Cashflow is monitored daily and the Investments team are warned in advance of future expected divestments.

### **6. EQUALITIES**

6.1. A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

### **7. CLIMATE CHANGE**

7.1. The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

### **8. CONSULTATION**

8.1. The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance representing the administering authority.

<b>Contact person</b>	<b>Carolyn Morgan - Governance &amp; Risk Advisor – 01225 395240</b>
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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Risk	Risk Number	Impact	RAG	Trend	Mitigating Action
Recruitment of staff	R28	Fund's ability to develop & implement service plan and administer the Fund		◀▶	Phase 3 of recruitment plan is now complete. However internal promotions have created further backfill requirements, there have been two further resignations & the Technical & Compliance Advisor post remains unfilled. Mercer are providing technical support as required.
McCloud/Sargeant Judgements resulting in the extension of protections	R63	Increase in workload on administration side and for scheme employers		◀▶	On 13 May 2021, a Written Ministerial Statement outlining some key remedy policies was issued. A formal response to the consultation will be published later this year, and the new LGPS regulations giving effect to the changes are expected to come into force on 1 April 2023, and be retrospective to 1 April 2014. Home Office decision to enable FPS members to have early release of benefits under McCloud. LGA & FBU adopt a MOU and Immediate Detriment Framework agreement for relevant Fire Pension Scheme Members subject to approval by Avon Fire Authority. Additional admin resource and reprioritisation of workload required to ensure IDF can be delivered.
Political Pressure to reform the scheme & direct investment decisions eg ESG	R42	National decisions are not in best interests of the scheme		▲	Participate in Brunel pool, ISS aligned with Fund's Climate Change policy. Have good local governance but national decisions could impact e.g. ability of SoS to direct investments, levelling up agenda. Ensure advisors engage on national LGPS issues. Brunel PP have issued a statement to say that amongst a number of other measures they will begin to divest from all Russian controlled and owned assets, bonds and equities as well as prohibiting any new investments to Russian assets.
Failure to earn investment returns	R26	scheme cannot meet liabilities, employer conts could rise		▲	In response to the developing Russia / Ukraine crisis Brunel have stated that ensuing sanctions and investor responses are expected to have a negative impact on broad asset markets and there is a risk of stranded assets. • Q321 - No material underperforming managers • Agreement by Panel/Cmt in Sept to exit EM allocation due to the financial risk posed by climate change in the region. Advice commissioned to ensure expected investment returns not impacted by decision. • Sept FRMG discussed indicative changes to inv. strategy that would see risk/return increase to help support current valuation assumptions: agreed to adopt 2.7% reduction in contributions, aligned to a 25bps decrease in the discount rate and to maintain current inv. strategy and review as part of broader IS review next year.
Deterioration in financial stability of employers (employer Covenants)	R23	employers not able to meet their liabilities impact on rest of Fund		◀▶	Have ongoing Covenant Review of employer identified as high risk. No immediate concerns about employers not being able to meet their liabilities. No contribution queries at present. The covenant cycle for 2021 is presently being finalised with no new issues. Only UoB is in USS and having made enquires we do not believe debt arrangements affect them. Deferred Debt Arrangement policy is in place and a DDA is being developed by us for use.
Increase in employers	R56	increased resources needed to support more employers		◀▶	Additional resources have been put into Employer Services to support & train employers. A review of resources & processes will be picked up with Digital Transformation review.
Climate Change Emergency	R60	Significant financial risk to the value of the investments assets		◀▶	SAA revised to a higher allocation to climate positive investments. Unable to control global markets in general only through strategy. Additional measures to now be undertaken on an annual basis to assess portfolios alignment with net zero and interim decarbonisation targets (Mercer ACT) from bottom up perspective.
Implementation of changes arising from scheme cost cap mechanism	R47	Additional burden on administration. Awareness of members & employers		◀▶	On 16 July 2020 the Government made an announcement confirming that the cost control mechanism pause will be lifted for public sector schemes and the objective would be to complete the process by next year, taking into account the cost of the proposals to remedy age discrimination. The SAB further agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until the HMT Direction, on how McCloud costs are to be considered, is published early next year along with the final remedy details.
Iconnect data from employers	R59	Incorrect member data on records and valuation of employer liabilities		◀▶	Iconnect Team has been set up and extracts are now loaded inhouse. New tolerances in IC will stop a load proceeding without the fund's approval enabling loading to be handed back to some employers. Plans being developed to hand back loading to Employers.
Inadequate knowledge of those charged with governance. Committee Members knowledge is impacted by re-election process. Failure to comply with statutory regulations	R25	delays in decision making for the Committee & Fund. Failure to meet MIFID & TPR regs		◀▶	Undertaken gap analysis with Hymans re good governance review. Action plan to be taken to Committee & PB. New Hymans LOLA will provide more structure to ensuring Committee, PB, officer knowledge and understanding. Training strategy policy & representation policy also required as part of good governance review.
Failure to secure and manage personal data held by the Fund in line with Data Protection Regulations	R05	Personal data is corrupted, compromised or illegally shared resulting in fines & reputational damage.		◀▶	Cyber security benchmarking exercise completed with AON and results analysed August 2021. An action plan is currently being developed and a full report will be taken to Pension Board in May 2022 & Committee in June 2022. More training for staff & better process notes being developed to identify SARs and data breaches as a couple have not been picked up on receipt.
Sustainability of working arrangements during Covid 19 outbreak	R64	Unable to deliver service to members and employers		◀▶	Steps taken to mitigate the risk of Coronavirus impacting on the service as set out in our business continuity plan. Work has now started on re-design of Keynsham Civic Centre but not likely that staff will be regularly in the office until April 22. Roll out of new IT equipment for all staff is still in progress. Review of future working arrangements, admin strategy and digital transformation plans in place.
Brunel fails to deliver its objectives to clients in terms of service delivery	R65	Affects the Fund's ability to achieve its own investment objectives and/or implementing its strategy		◀▶	Client assurance framework is in place providing detailed monitoring by Client Group and Brunel Oversight Board. Avon Panel monitors investment performance and related investment issues; Committee monitors overall service delivery, financial aspects, RI aspects and effectiveness of the governance framework. Avon has Brunel Working Group to discuss any issues or emerging risks and to agree response to SRM/RMs

Disaster Recovery & Business Continuity	R01	Fund is unable to operate and members do not receive pension payments in time		◀▶	Business continuity plan currently being reviewed by Audit, draft plan now received for review. Cyber security benchmarking exercise completed with AON and results analysed August 2021. Further internal assurances required from IT. An action plan is currently being developed and a full report will be taken to Pension Board in May 2022 & Committee in June 2022.
Service delivery efficiency & customer service	R29	poor member outcomes		◀▶	We have recently introduced mass email communication to the fund for the first time, which was used in May/June 2021 to communicate with our Deferred members regarding the introduction of Annual benefit statements being available to download from our online portal. This will be extended to Active members next year alongside a campaign to extend email communications to a greater portion of the membership. Impact on service of Fire immediate detriment work will be monitored.
Late / incorrect contributions from employers	R10	cashflow, employer funding position, TPR breach		◀▶	Monthly reconciliations of contributions continue to be undertaken. Late payers are also monitored and reported to committee/Pension Fund Manager. There is no significant increase in late payers. The top 34 employers are still paying on time.
Government plans to reform the LGPS eg The introduction of the exit payment cap	R53	This will place an additional burden on the administration resource		◀▶	MHCLG have confirmed that no action will be taken following the consultation they held on the Further Reforms to Exit Payments proposed for the LGPS, instead further consultation is expected in the future. In April 2021, MHCLG wrote to councils requesting for them to provide data on exit payments, which will be used to inform delivery of the Government's policy to end excessively high exit payments in the public sector.
Loss of capital or income on treasury investments	R39	Delayed return of principle or investment income		◀▶	Annual report to Committee to obtain approval for the fund's Treasury Management Policy. POST COVID : Cash held primarily in money market funds and although should not fall in value they could face liquidity issues if sudden increase in withdrawals if market volatility increases. A bank removed from the list last year has been added back in.
The Fund has not completed all the necessary work in readiness for the implementation of the Pensions Dashboard	R66	The Fund will be in breach of the regulations if it is not able to go live by the compulsion date, likely to be between Sept 2023 & March 2024		◀▶	Project lead officer appointed & project plan in place. Focus of project will be data quality, reducing backlogs and ensuring resources & processes are in place to deal with the expected increase in member queries following the implementation date. Data protection impact assessment to be carried out.
failure of employers to meet statutory responsibilities	R19	Potential fines, greater scrutiny and more reporting		◀▶	Employer training, reconciliation of member data at year end and regular reporting in line with TRP requirements
Introduction of Cost Transparency Disclosures	R57	full disclosure requirements may not be met (presentation of data in AR on a best endeavours basis)		◀▶	Full disclosure for FY2020/21. All managers reporting in line with CTI templates although not all managers reporting in a consistent manner. Different templates for private and public assets make data consolidation difficult and manually keying data increases risk of human error. Templates do not reflect all pricing conventions e.g. where fees are charged to NAV on a daily basis as opposed to being charged based on an average value over a predefined period. Some managers reported based on legacy CTI templates, others submitted their templates in PDF so had to manually convert data and pooled fund managers continue to report based on fund level (not individual client level). Some managers had to be prompted to submit the data and the use of the SAB platform is sporadic. Differences between CTI disclosures and fees reported as part of Statement of Accounts largely due to timing (where we estimate some fees in SoA to meet statutory deadlines).
Governance risk of Investment Managers, custodian & other investment suppliers	R20	loss of assets or inability to trade due to assets being inaccessible		◀▶	Robust procurement & contract management processes to protect Fund. However much of the risk has transferred to Brunel, monitored by Client Group and Brunel Oversight Board. Fund retains full oversight of legacy managers and advisors.
System Failure of BACs or Cseries	R14	pensions cannot be administered & paid		◀▶	APF uses BANES corporate system. Risk mitigation in line with BANES corporate policy for making payments. Payments system (Cseries) recently upgraded
Cashflow profile is maturing	R40	not enough cash in bank account to meet pension payments		◀▶	Unitary authorities and now Universities are paying their FSR in advance for 22/23. With deficits also paid in advance this will mean approximately 40% of contributions for the year will be received in April. Our cash limit has due to be increased by £10m, so this will mean we can hold more cash to offset need for regular drawdowns. Cashflow is monitored daily and the Investments team are warned in advance of future expected divestments
Ineffective stakeholder communication	R07	poor public relations with members & employers. TPR breach		◀▶	Recently introduced mass email communication to the fund for the first time, which was used in May/June 2021 to communicate with Deferred members regarding the introduction of Annual benefit statements being available to download from online portal. This will be extended to Active members next year alongside a campaign to extend email communications to a greater portion of the membership. Also plan to introduce social media (LinkedIn)
Internal Controls are not adequate & independently checked	R08/R09	committee & employers do not receive independent assurances		◀▶	Internal Audit reported to Pension Board in September 21 regarding audits performed in last year. Audits completed on IConnect, Scheme of delegation, Altair IT System, Risk Management & COP14. Each received an assurance level of 4 'Good' External audit of final accounts and annual report currently taking place. Audits currently taken place or planned for Pensions Payroll, Business Continuity, Digital Strategy Review.
Failure to comply with Council's policies & codes of practice	R41	fines for non-compliance, disciplinary issues & reputational risk		◀▶	Managers & staff undertake training in accordance with Council's codes of practices and standards
GMP Reconciliation	R51	Incorrect pension liability retained		◀▶	Project plan in place to reconcile GMPs with HMRC info and carry out necessary rectification. Mercer appointed to complete project.
Investment Strategy impact by MIFID II	R52	restrictions on investments as retail investor		◀▶	Fund given Elected Professional status from all Managers, annual review & Officer / Member training in place
Exit credits - disputes between exiting employer & outsourcing employer	R62	Court cases to decide who should receive exit credit		◀▶	There is an ongoing risk of a challenge to an exit credit determination, this would only be a risk if it was a large exit credit. At the moment there are no large exit credits in sight and we have a clear policy. However with more employers in surplus, the risk increases.

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	22 March 2022	AGENDA ITEM NUMBER
TITLE:	Pension Board – Training and Work Plan Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Pension Board Workplan 2021/22		
Appendix 2 – Pension Board Training Plan 2021/22		

## 1 THE ISSUE

- 1.1 The purpose of this report is to receive regular updates on Training and Work Plan issues from the Board and request high level training needs from Board Members.

## 2 RECOMMENDATION

### That the Board

- 2.1 Notes the workplan & training plan for 2022/23
- 2.2 Notes the dates for future meetings

## 3 FINANCIAL IMPLICATIONS

- 3.1 There are direct implications related to the Pension Board in connection with this report, however these are all currently within the planned budget for the operation of the Board.

## 4 REPORT

### 4.1 Work Plan

- a) In developing a work plan the Board should reflect the need to maintain a balance between building the knowledge and understanding of Board Members along with delivery of the statutory obligations of the Board.
- b) The views of the Board are vital in informing the nature, frequency and cyclical nature of items as well as the timing of certain time-critical issues for consideration such as Project Brunel.

- c) An outline of the Work Plan is attached at Appendix 1 for consideration and will continue to be worked on and re-presented at each meeting as the year progresses using the comments and feedback of the Board, Officers and other stakeholders such as the Pension Fund Committee to inform its contents.

#### **4.2 Modern Gov & Library**

- a) All Pension Board members have been asked to access meeting papers via Modern Gov from January 2022 onwards.
- b) It is intended that some of the more routine monitoring reports will be available on the Modern Gov library and will not form part of the meeting reports pack.
- c) In order to ensure all members have the correct access to Modern Gov and the library, The APF Communications Team, led by Jason Morel, have been contacting members to provide the relevant support & training required.

#### **4.3 Future Meeting Dates**

- a) Suggested meeting dates for 2022 are as follows:
- 24<sup>th</sup> May at 10am
  - 13<sup>th</sup> September at 10am
  - 8<sup>th</sup> December at 10am
- b) Any suggestions from members regarding the style and format of meetings is welcomed.

#### **4.4 Training**

- a) In developing a training plan Board Members should reflect on their own statutory requirements as set out in previous reports. In summary Board Members should have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice the Board is given. They should also be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to the Board's duty to assist the Avon Pension Fund.
- b) As agreed at previous Board meetings individual board members should retain their own training log to evidence how they are fulfilling their responsibilities and update these on a quarterly basis to the Governance & Risk Advisor to aid future training needs analysis.
- c) Appendix 2 contains the proposed training programme for the year ahead. The workshops will be held jointly with the APF Pension Committee.
- d) Members are asked to consider any other training needs through the rest of 2022/23 to fit into the working cycle of the Board.

#### **4.5 Hyman's LGPS Online Learning Academy (LOLA)**

- a) The SAB's Good Governance Review is expected to include additional knowledge and skills requirements for Committee, Pension Board and Officers.



Hymans Robertson have been working with the SAB to develop these requirements and have produced an LGPS Online Learning Academy (LOLA).

- b) The training is split into a number of modules covering the revamped CIPFA Knowledge & Skills Framework and TPR's Code of Practice 14. (The training will be updated to reflect the Single Code of Practice once published)
- c) Included in the modules are sessions on:
  - 1. Introduction to the LGPS
  - 2. LGPS Governance & Regulators
  - 3. Administration & Fund Management
  - 4. Funding & Actuarial Matters
  - 5. Investments
  - 6. Current Issues – McCloud, Goodwin and Cost Sharing
- d) In the last newsletter members were asked to complete the Introduction to the LGPS module in time for the February meeting.
- e) Members are asked to complete module 2, LGPS Governance & Regulators plus module 3, Administration & Fund Management, by the May meeting.
- f) The full timetable for completion of all modules is contained in Appendix 2.

## **5 RISK MANAGEMENT**

- 5.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition, it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations.

## **6 EQUALITIES**

- 6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

## **7 CLIMATE CHANGE**

- 7.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

## **8 CONSULTATION**

- 8.1 The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance representing the administering authority.

<b>Contact person</b>	Carolyn Morgan – Governance & Risk Advisor – 01225 395240
<b>Please contact the report author if you need to access this report in an alternative format</b>	

## Appendix 1

Pension Board Workplan	22/02/22	24/05/22	13/09/22	08/12/22
<b>Quarterly Updates</b>				
Administration Update (KPIs)				
Regulatory Update				
Brunel Update				
Risk Register review				
Workplan & training plan				
<b>Annual Updates</b>				
Breaches Log - review of regulatory & data Breaches				
Statutory annual requirements (year end/ABS/PSS)				
Annual review of committee & PB governance arrangements				
Pension Fund annual report & statement of accounts				
Pension Board's annual report				
Review of Audit reports				
CIPFA Benchmarking				
Update on service plan				
Administration Strategy				
Funding Strategy				
Investment Strategy				

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**Appendix 2**  
**Pension Board Training Plan**

Type of training	Date	Content
Workshop	Apr-22	Good Governance Review
Workshop	Jun-22	Funding Strategy Review & Valuation
Workshop	May-22	Cyber Security Review

Hymans Learning Academy	Title of Module	Content	To be completed by
Module 1	Intro to the LGPS	Intro to LGPS (12 mins) Role of a Councillor (20 mins)	Feb-22
Module 2	Governance & Oversight	LGPS governance (20 mins) LGPS Oversight Bodies - TPR (15 mins) LGPS Oversight Bodies - DLUHC & GAD (10 mins) Business Planning (10 mins)	May-22
Module 3	Administration & Fund Management	Intro to Administration (22 mins) Accounting & Audit (11 mins) Additional Voluntary Contributions (12 mins) Policies & Procedures (21 mins) Public Procurement (11 mins)	May-22
Module 4	Funding & Actuarial	Introduction to Funding Strategy (10 mins) LGPS Actuarial Valuation - Process & considerations (17 mins) LGPS Actuarial Valuation - Technical aspects (15 mins) LGPS employers (19 mins)	Sep-22
Module 5	Investments	Intro to Investment Strategy (10 mins) Investments - Mifid II (18 mins) LGPS Investment Pooling (12 mins) Performance Monitoring (18 mins) Responsible Investing (12 mins)	Dec-22
Module 6	Current Issues	Understanding McCloud (8 mins) Understanding Goodwin (4 mins) Cost Sharing (10 mins)	ongoing

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