List of current developments affecting or expected to affect Scheme Administration – 31 December 2020

Organisation	Item	Details	Status
HMT / MHCLG	**Public Sector Exit Payments Cap / Consultation on Further Reform to Exit Payments**	**Risk Register Item – R53** **Latest Updates:-** **On 22 December 2020**, 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. **On 16 Nov 2020**, 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 inline 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. **Previous Updates:-** **On 30 Oct 2020**, SAB published its legal advice together with a commentary for LGPS administering authorities and scheme employers, which can be found as follows:- https://www.lgpsboard.org/index.php/structure-reform/public-sector-exit-payments **On 28 Oct 2020**, 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	**Updated**

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		deferred pension plus a lump sum equal to the capped strain cost. **On 15 October 2020**, 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. **On 7 September 2020**, 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. **On 21 July 2020**, 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. 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	

Organisation	Item	Details	Status
		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. **Background:-** The government first consulted on plans to cap exit payments in the public sector in 2015. 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:- • No change from the earlier proposal that the maximum exit payment will be £95,000. • 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. • 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. • 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. • 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. 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. 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.	

Organisation	Item	Details	Status
Government	McCloud Judgment	**Risk Register Item – R63** **Previous Updates:-** **On 8 October 2020** APF issued their response to the consultation which was included as an appendix to this report at the December meeting The SAB response to MHCLG's consultation is available to view in the following location:- http://lgpsboard.org/images/PDF/letters/SAB_FINAL_MCCLOUD_RESPONSE.pdf 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. **On 16 July 2020**, MHCLG published a consultation on amendments to the statutory underpin which are designed to remove age discrimination from the LGPS, see link here. 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. **At the SAB meeting in February**, 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 undertake an LGPS specific consultation on	No Further Update

Organisation	Item	Details	Status
		the regulatory changes required to address McCloud. We are expecting the consultation to begin late June / early July 2020. **Background:-** 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. 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. You can find a dedicated 'Cost Management' page on the SAB website as follows:- http://lgpsboard.org/index.php/structure-reform/mccloud-page	

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SAB	LGPS Cost Management Process	**Risk Register Item – R47** **Previous Updates:-** **The notes from the SAB meeting in August** 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. **At the National Technical Group in October,** 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. **On 16 July 2020** 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. **In April 2020** 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. **On 17 October 2019** 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. **On 14 May 2019** SAB published an advice note covering the implications of McCloud/Cost Cap in	**No Further Update**

Organisation	Item	Details	Status
		relation to the 2019 fund valuations. **Background:-** 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:- http://lgpsboard.org/index.php/structure-reform/cost-management 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 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. 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.	

Organisation	Item	Details	Status
SAB	Good Governance in the LGPS	**Previous Updates:-** **At the SAB meeting in August 2020**, 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. **In April 2020**, 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. **In February 2020**, 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. **In November 2019**, 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: • general governance • conflicts of interest • representation • skills and training • service delivery for the LGPS function • compliance and improvement You can find the report as follows:- http://lgpsboard.org/images/PDF/HymansRobertson_GoodgovernanceintheLGPS_Phase-II_November2019.pdf	**No Further Update**

Organisation	Item	Details	Status
		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. **In April 2019**, 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:- http://lgpsboard.org/images/PDF/GGreport.pdf 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. **Background:-** 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.	

Organisation	Item	Details	Status
SAB	Tier 3 Employers	**Previous Updates:-** **At the SAB Meeting in May 2020**, 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. **At the SAB Meeting in Jan 2019**, the Board was advised that the work of the third tier employers' project working group had been put on hold due to competing priorities. **In Sept 2018**, a final version of the Aon report was published and can be found as follows:- http://lgpsboard.org/images/PDF/Tier_3_employers_in_the_LGPS_FINAL.pdf **At the SAB meeting in Jun 2018**, 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. 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 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. **Background:-** 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). The work was split into two concurrent phases: 1) The Board was to work with LGPS administering authorities to gather data regarding the number, membership, liabilities and covenants of these employers.	**No Further Update**

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		2) Separately the Board appointed Aon to assist it in further analysis in this area. You can find a dedicated 'Tier 3 Employers' page on the SAB website as follows:- http://lgpsboard.org/index.php/structure-reform/tier-3-employers	
MHCLG	**Consultation on Fair Deal**	**On 10 December 2019,** 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". **Background:-** 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 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. MHCLG received around 79 responses, one of which was from APF.	**No Further Update**
HMT	**Written Ministerial Statement on Survivors Benefits**	**Previous Update:-** **On 20 Jul 2020**, 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.	**No Further Update**

Organisation	Item	Details	Status
MHCLG	**Consultation on LGPS Local Valuation Cycle and the Management of Employer Risk**	**Risk Register Item – R62 (In respect of Exit Credits)** **Latest Update:-** **On 2 December 2020,** 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. **Previous Updates:-** **On 26 Aug 2020**, 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 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. **On 27 Feb 2020**, 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. 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.	**Updated**

Organisation	Item	Details	Status
		Background:- 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: 1. Amendments to the local fund valuations from the current three year (triennial) to a four-year (quadrennial) cycle 2. A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles 3. Proposals for flexibility on exit payments (Update - Resolved following second partial response to consultation in Aug 2020 and Amendment Regulations in Sept 2020). 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). 5. Proposals for policy changes to employers required to offer LGPS membership MHCLG received around 280 responses, one of which was from APF.	
TPR	**TPR Pledge to Combat Pension Scams**	**On 10 November 2020,** the Pensions Regulator (TPR) launched the pledge to combat pension scams campaign. The campaign is supported by the Pension Scams Industry Group (PSIG) and urges administrators to commit to taking a number of actions to help protect scheme members thinking of transferring their pensions. Pledging to combat pension scams would show our intent to protect our members. It tells our members and the pensions industry that we are committed to stopping scammers in their tracks. We are currently in the process of reviewing the requirements outlined in the pledge against our internal transfer processes in order to ensure that we have covered all of the necessary commitments required to enable us to make a pledge. Once we have taken the pledge we will also ensure that this is adequately communicated on our website and member correspondence. **Background:-** According to complaints filed with Action Fraud, more than £30 million has been reportedly lost to pension scammers since 2017.	**New Item**

Organisation	Item	Details	Status
ONS	**September 2020 Rate of CPI**	**On 21 October 2020,** the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2020 as 0.5%. We await confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions and pensions in payment in April 2021 will be 0.5%. **Background:-** Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year.	**New Item**
HMT	**Equalisation of GMPs in public service pension schemes**	**On 20 November 2020,** 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. MHCLG has confirmed that GAD will issue guidance on the impact of the ruling for public service pension schemes in due course. **Background:-** **On 26 October 2018**, 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".	**New Item**

Organisation	Item	Details	Status
HMT	**Indexation of GMPs in public service pension schemes**	**Latest Update:-** **On 21 December 2020,** 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. **Previous Updates:-** **On 7 October 2020,** 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:- https://www.gov.uk/government/consultations/public-service-pensions-guaranteed-minimum-pension-indexation-consultation 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. **Background:-** 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. On 1 March 2016, the government announced that public service pensioners reaching SPa after 5	**Updated**

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		April 2016 and before 6 December 2018, would have the GMPs earned in public service fully indexed by the public service pension scheme. 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. 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".	
TPR	**Codes of Practice**	**Previous Update:-** **On 1 September 2020**, TPR confirmed that it intends to launch the formal consultation on a single Code of Practice in late 2020 or early 2021. **Background:-** 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.	**No Further Update**

<table>
<tr><th>Organisation</th><th>Item</th><th>Details</th><th>Status</th></tr>
<tr><td>Government</td><td>Pension Schemes Bill</td><td>Latest Update:-
Following four sessions in Public Bill Committee on 3 and 5 November, Report Stage and Third Reading were on 16 November. The Bill was then sent back to the Lords for it to consider Commons amendments. The Pension Schemes Bill will receive Royal Assent and become law following a final parliamentary debate on amendments in the House of Lords. Once the bill receives Royal Assent, it will become the Pension Schemes Act 2021.

It is expected that large parts of the bill will not come into force for many months and key provisions on pension scheme funding may not be implemented until 2022. Further regulations are needed on CDC schemes, dashboards, climate change governance, regulatory powers, defined benefit (DB) scheme funding and pension transfers.

Previous Updates:-

On 7 Oct 2020, 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.

On 19 Dec 2019, 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.

On 14 Oct 2019, the Queen confirmed, in her speech, that a new Pension Schemes Bill will be introduced and will:-

• strengthen TPR’s powers
• provide a framework to support pensions dashboards and
• introduce regulations covering the right to a pension transfer.</td><td>Updated</td></tr>
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Organisation	Item	Details	Status
DWP	Pensions Dashboard	**Latest Update:-** **On 28 October 2020**, the Money and Pensions Service (MaPS) published their second Pensions Dashboards Programme progress update report, see link here. The report includes updates on: • the Pension Dashboards Programme's (PDP) high level activity plan • resourcing to deliver next phases of the programme • market engagement to help finalise digital architecture requirements • refining requirements for identity verification • setting up a working group to ensure consumer focus • reviewing feedback. The timetable in the report reveals that the PDP expects the dashboard to be available to retirement savers for the first time in 2023. **Previous Update:-** **In April 2020**, MaPs published two papers:- • Pensions Dashboards Data Definitions – Working Paper (which lists the set of data items that could be included in the dashboards data standards. • 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. 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. **Background:-** 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	Updated

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		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:- • Legislation to compel pension providers to make consumers' data available on the dashboard • Staged onboarding of schemes with the majority of schemes participating within 3 to 4 years • The inclusion of state pension data • A commitment to multiple dashboards, with a non-commercial dashboard being overseen by the Money and Pensions Service (MAPS). 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. 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.	

Organisation	Item	Details	Status
Government	**Divorce, Dissolution and Separation Act 2020**	**On 25 June 2020**, 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".	**No Further Update**

Organisation	Item	Details	Status
SAB	Responsible Investment	**At the SAB Meeting in May 2020,** 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. **On 11 May 2020,** SAB issued a statement on the Supreme Court boycotts judgement as follows:- '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'. **On 24 February 2020,** 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. 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. 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.	No Further Update

Organisation	Item	Details	Status
		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 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. 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. **On 3 January 2020,** APF issued their response to the consultation. **Background:-** **At the meeting of the Scheme Advisory Board on the 6th November 2019,** 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. 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.	

Organisation	Item	Details	Status
Government	**Consultation on Changes in RPI Methodology**	**Latest Update:-** **On 25 November 2020,** the Government and the UKSA published the response which in indicates that RPI will be reformed to align with the Consumer Prices Index (including housing costs – CPIH). The reform will take place no earlier than February 2030. The Government acknowledges that the reforms could have an impact on defined benefit schemes but confirms that the later effective date of the changes will help to mitigate this. Members who made an election to purchase additional pension (LGPS England & Wales and Scotland) before 1 April 2012 receive annual increases on the additional pension purchased based on RPI. The increase on these benefits will be impacted when the reforms to RPI take place. **Previous Updates:-** **On 11 March 2020,** the Government and the UK Statistics Authority (UKSA) launched a consultation on UKSA's proposal to address the shortcomings of the Retail Prices Index (RPI) measure of inflation. The consultation will cover, among other things, the issue of timing, including whether the UKSA's proposal might be implemented at a date other than 2030, and if so, when between 2025 and 2030 and issues on technical matters concerning the implementation of its proposal. The consultation was initially set to be open for a period of six weeks, however, this period was extended by four months because of the coronavirus pandemic and therefore didn't close until 21 August 2020. The government and UKSA is expected to publish their response to the consultation alongside the Spending Review on 25 November. **On 13 January 2020,** in a letter to the House of Lords Economic Affairs Committee, the Chancellor announced that the consultation will be launched at the Budget on 11 March 2020. GAD has published a technical bulletin on the proposed changes and their potential impact. **Background:-** Chancellor of the Exchequer Sajid Javid announced that the Government intends to consult on whether to align the RPI with the housing cost-based version of the CPI, known as CPIH. The consultation on the proposed changes will open in January 2020, and will ask whether the change should be made before 2030. A change in RPI would affect the revaluation (while the member is active, deferred or the pension is in payment) of extra pension bought under an ARC contract that started between 1 April 2008 and 31 March 2012.	**Updated**