

Bath & North East Somerset Council		
MEETING	LOCAL PENSION BOARD	
MEETING	21 September 2021	Agenda Item Number
TITLE:	Update on Legislation	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report: Appendix 1 – Current matters affecting LGPS administration 31 August 2021</p>		

1 THE ISSUES

- 1.1 The purpose of this report is to update the 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 Pension Board is asked to;

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

3 THE REPORT

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 included in Appendix 1. Alongside the matters listed in the table below, the Appendix includes an update on the following matters: GMP Equalisation, the TPR Codes of Practice, the Minimum Pension Age, the Pensions Dashboard and Responsible Investment.

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
Public Sector Exit Payments Cap	No update on exit payment cap although first summary of data on average exit payments published and guidance on calculating special severance payments released in July.	https://www.gov.uk/government/statistics/local-authority-exit-payments-first-estimates-england-2019-20-and-2020-21 https://lgpslibrary.org/assets/cons/lgpsew/20210702_DSG_RD.pdf	No immediate action- details of any new exit payments cap still awaited but expected during Q4 potentially. The introduction of any new cap is likely to have administrative implications for the Fund depending on how it is structured.
McCloud Judgment	Following publication by MHCLG of Written Ministerial Statement in May, the Public Sector Pensions and Judicial Offices Bill got its first reading in the House of Lords in July.	https://questions-statements.parliament.uk/written-statements/detail/2021-05-13/hcws26	<p>Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.</p> <p>Actuarial firms are liaising with administration software providers to amend the Universal Data Extract to allow for McCloud prior to submission of membership data for the 2022 actuarial valuation.</p> <p>The next reading of the Bill will be in September.</p>
Cost Control Mechanism	<p>Consultation issued in relation to proposed changes to mechanism. Response issued by SAB in August.</p> <p>A further consultation issued in relation to SCAPE discount rate methodology. Response issued by LGA in August</p>	https://lgpsboard.org/images/Consultations/HMTCCMAug21.pdf https://lgpslibrary.org/assets/cons/nonscheme/20210624_SCAPE_LGA_Response.pdf	No immediate action – response now awaited from MHCLG to consultations.
Management of Employer Risk	<p>The Fund published its new Funding Strategy Statement in April.</p> <p>High Court Judgment also released in May in relation to application of “Exit Credits”.</p>	https://www.avonpensionfund.org.uk/sites/default/files/FSS-20210416.pdf https://www.bailii.org/ew/cases/EW/HC/Admin/2021/1436.html	No immediate action other than ongoing dialogue with employers where appropriate on the application of the new policies in the FSS i.e. with regard to exiting the Fund / inter-valuation contribution reviews.

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 Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

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