

Bath & North East Somerset Council

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| MEETING | AVON PENSION FUND COMMITTEE | |
| MEETING | 25 March 2022 | Agenda Item Number |
| TITLE: | Update on Legislation | |
| WARD: | All | |
| AN OPEN PUBLIC ITEM | | |

1 THE ISSUES

- 1.1 The purpose of this report is to update the Pension Fund Committee on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration. An updated list of regulatory updates is available to view in the Modern Gov Library.

2 RECOMMENDATION

The Committee 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 accessed via the Modern Gov Library. Alongside the matters listed in the table below, including an update on the following matters: Cost Management, Minimum Pension Age. Additional items have also been included relating to Academy Consolidation, State Pension Age, Levelling Up and Pension Taxation given further developments expected in the coming months.

| Item | Latest Position | Relevant Links | Action by Fund / Next Steps |
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| <p>McCloud Judgment / Cost Management</p> | <p>The Public Sector Pensions and Judicial Offices Bill has completed its passage through the House of Lords and the House of Commons. As part of this, several amendments to the Bill relating to the LGPS, in particular with regard to eligibility criteria, have been published. (A further amendment relating to investments in light of foreign and defence policies was also put forward).</p> <p>The amendments put forward in the House of Commons have now been considered and agreed in the House of Lords and the Bill now awaits Royal Assent.</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>https://bills.parliament.uk/bills/3032</p> <p>public_rm_pbc_0121.fm (parliament.uk)</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 and been passed.</p> |
| <p>Transfer Values</p> | <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</p> | <p>The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 (legislation.gov.uk)</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</p> |

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| | <p>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>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 projects, which will need to be monitored going forwards.</p> |
| <p>The Pension Dashboard</p> | <p>DWP launched a consultation on the draft Pensions Dashboards Regulations. The consultation closed on 13 March 2022.</p> <p>A number of concerns have been raised (e.g. via the LGAs response to the consultation and also direct with DWP and also in the response the Fund has submitted) with regard to Funds having sufficient resource available to ensure Pensions Dashboard requirements are met, at the same time as having to implement the McCloud remedy.</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>Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022 - GOV.UK (www.gov.uk)</p> <p>UK Pensions Dashboards Programme Homepage</p> <p>PLSA publishes 'Pensions Dashboards A-Z' to guide industry to decisions required for initial dashboards Pensions and Lifetime Savings Association</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> <p>The current proposed staging date for the LGPS is 30 April 2024.</p> |
| <p>Ukraine</p> | <p>In light of events in Ukraine and the sanctions being imposed on Russia by the UK government, LGPS Funds were advised by SAB to consider the implications for their investment portfolios. A follow-up note was</p> | <p>Investments in Russia 4 March 2022.pdf (lgpsboard.org)</p> | <p>In relation to administration, the Fund has undertaken a series of overseas indicator reports to ascertain that there aren't any pensioner or dependant members with accounts in Russia.</p> |

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| <p>(Responsible Investment and administration)</p> | <p>issued by the SAB on 4 March 2022 providing further details to Funds and a letter from the Secretary of State Rt Hon Michael Gove MP has subsequently been issued on 9 March 2022.</p> <p>The conflict has also required the administration team to consider payment of benefits to overseas members. The funding position is also being monitored as the 31 March 2022 actuarial valuation approaches.</p> | <p>https://lgpsboard.org/images/PDF/BDS/SoS_DLUHC_to_Committee_Chairs9Mar22.pdf</p> | <p>All managers had already been instructed to sell Russian assets and prohibited from new investments.</p> <p>Any further implications of the conflict (impacting investment, funding, covenant and administration) will be considered as and when they arise by the relevant teams.</p> |
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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.

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| 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 | |