

Bath & North East Somerset Council		
MEETING	AVON PENSION FUND LOCAL PENSION BOARD	
MEETING	24 June 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 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 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 covering McCloud, Stronger Nudge and the Annual Allowance, 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 which is accessible on the Modern Gov library via the following text path – Modern Gov/Library/Avon Pension Fund/2022-2023 Quarter 01/01Regulatory Update.

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 now received Royal Assent.</p> <p>The next stage in the process will be for Regulations for each of the Public Sector Schemes to be released together with a consultation on draft guidance to assist Funds in implementing the remedy (both expected in the summer).</p> <p>There have been no updates on the joint judicial review brought by 6 trade unions in relation to the inclusion of McCloud in the Cost Management process.</p>	<a href="https://bills.parliament.uk/bills/3032">https://bills.parliament.uk/bills/3032</a>	Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.
<b>Stronger Nudge</b>	<p>With effect from 1 June 2022, the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022 (SI 2022/30) have been introduced – known as the “Nudge Regulations”.</p> <p>The regulations introduce additional requirements on administering authorities to assist members making decisions in relation to their Defined Contribution investments i.e. AVCs in the LGPS.</p> <p>The LGA have published a guide to help administering authorities with these requirements.</p>	<a href="https://www.lgpslibrary.org/LGA-guide-to-the-Stronger-Nudge">LGA guide to the Stronger Nudge (lgpslibrary.org)</a>	<p>Alongside updating processes and procedures in relation to increased requirements for administering authorities on transfer values (and also Data Subject Access Requests – DSARs), the administration team is also considering the required changes in relation to the Stronger Nudge requirements relating to members with AVCs.</p> <p>The extra requirements (alongside those already effective in relation to transfers) will increase time taken by the administration team to process AVC cases and hence there may be implications on KPIs and resource needed for other projects, which will need to be monitored going forwards,</p>
<b>Annual Allowance</b>	In March 2022, the LGA issued its response to the HMRC consultation on the Registered Pension Schemes (Miscellaneous	<a href="https://www.lgpslibrary.org/LGA-response-to-HMRC-consultation">LGA response to HMRC consultation (lgpslibrary.org)</a>	In line with guidance issued by the LGA, the administration team will need to ensure that policies and processes are updated in order that

	Amendments) Regulations 2022, which coupled with changes emerging from the Finance Act 2022 mean there are now additional requirements on administering authorities (and members) in relation to dealing with retrospective changes to pension input amounts for past pension input periods.		<p>retrospective cases can be dealt with in the right manner and within the necessary timescales.</p> <p>Depending on the number of cases to emerge, these requirements may be an additional burden on the administration team alongside the work associated with issuing 2022 Pension Saving Statements in the autumn.</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 in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and addresses 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 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.

<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>	