

<b>Bath &amp; North East Somerset Council</b>		
MEETING	<b>AVON PENSION FUND COMMITTEE</b>	
MEETING	<b>23 September 2022</b>	Agenda Item Number
		<b>13</b>
TITLE:	<b>Update on Legislation</b>	
WARD:	<b>All</b>	
<b>AN OPEN PUBLIC ITEM</b>		

## **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 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, Cost Management, Pension Dashboards and Responsible Investment, including brief comment on what the implications are for the Fund and what next steps will be. Confirmation of the new DLUHC minister is also included for reference. 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 02/01Regulatory Update.

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
<b>New DLUHC Minister</b>	Paul Scully was appointed Minister of State at the Department for Levelling Up, Housing and Communities on 7 July 2022 replacing Kemi Badenoch.	<a href="https://www.gov.uk/government/ministers/minister-of-state-at-the-department-for-levelling-up-housing-and-communities--2">https://www.gov.uk/government/ministers/minister-of-state-at-the-department-for-levelling-up-housing-and-communities--2</a>	No action – just to note and to acknowledge that the appointment of the new minister and the process of electing a new Conservative Party Leader / Prime Minister may lead to delays in current workstreams.
<b>McCloud Judgment</b>	DLUHC has issued an update to administering authorities setting out expected timing of when a response to the 2020 consultation would be issued, together with the expected timing for guidance and regulations.		Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.  A scoping group has been established to take forward discussions on how LGPS Funds can implement the remedy when data from employers isn't available with a view to centralised guidance being issued in due course. An officer from the Fund will be part of this group.
<b>Cost Management</b>	<p>GAD have published the results of the first cost cap valuation for the LGPS as at 31 March 2016 confirming that the 2% corridor had not been breached, thus triggering no changes to benefits/contributions.</p> <p>The 2% corridor has since been updated in Regulations to be 3%.</p> <p>Permission for a Judicial Review has now been granted to review the Government's decision to include the cost of the McCloud remedy in the 2016 cost control valuations for the Fire and NHS Schemes – which may have implications for the LGPS too.</p>	<p><a href="http://www.gov.uk">Cost cap valuation of the Local Government Pension Scheme (England and Wales) - GOV.UK (www.gov.uk)</a></p> <p><a href="http://legislation.gov.uk">The Public Service Pensions (Employer Cost Cap and Specified Restricted Scheme) Regulations 2022 (legislation.gov.uk)</a></p>	Whilst no changes to benefits/contributions have been announced as a result of the 2016 process, the potential for a judicial review could have implications in the future. Any such changes will increase the burden on the administration team (and associated systems etc.)

<p><b>Pension Dashboard</b></p>	<p>A number of consultations, both responses to prior consultations, and new ones have been issued in recent months as preparation for the Pension Dashboard Programme gathers pace. The Pension Administration Standards Association (PASA) have also published guidance in a number of areas.</p> <p>The latest consultations and guidance issued will aim to provide clarity on the requirements for administering authorities (and software providers) and also how the Dashboard itself may look to members and be used in practice.</p> <p>Further information can be found on the PDP and PASA websites.</p>	<p><a href="https://www.gov.uk/government/consultations/draft-pensions-dashboards-regulations-2022">Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022 - GOV.UK (www.gov.uk)</a></p> <p><a href="https://www.pensionsdashboardsprogramme.org.uk/">https://www.pensionsdashboardsprogramme.org.uk/</a></p> <p><a href="https://www.pasa-uk.com/">The Pensions Administration Standards Association – Driving standards in pensions administration in the UK (pasa-uk.com)</a></p>	<p>The Fund will continue its preparations towards meeting the necessary Pensions Dashboard requirements and welcomes the decision to delay the staging date 5 months given the current burden on administration teams (e.g. implementing the McCloud remedy etc.).</p>
<p><b>Responsible Investment</b></p>	<p>DLUHC have launched a consultation seeking views on proposals to require LGPS administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation runs for 12 weeks until 24 November 2022. Intention is for regulations to be in force by April 2023.</p>	<p><a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks">https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks</a></p>	<p>Whilst no immediate impact on the administration team, this consultation has been long-awaited and its release may signal movement on other outstanding matters, which may impact on the team.</p> <p>The Fund expects to issue its own response to this consultation in due course.</p> <p>Note: The Fund has published a TCFD statement in 2021 and 2022 ahead of it being mandatory. Proposal is for it to be mandatory for financial year 2023/24 with first report published by December 2024.</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 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>	