

Bath & North East Somerset Council		
MEETING	AVON PENSION FUND PENSION COMMITTEE	
MEETING	17 March 2023	Agenda Item Number
		13
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 Pension 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 and Pension Dashboards, including brief comment on what the implications are for the Fund and what next steps will be. Brief comment on a couple of current consultations are also provided, one of which could have implications in the short-term for the administration team. 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 04/01 Regulatory Update.

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
McCloud Judgment	<p>Whilst further consultations, guidance and regulations are still to be issued by DLUHC, there continues to be movement in relation to the McCloud Judgment and the implementation of the remedy.</p> <p>SAB guidance on data issues is expected by the end of February.</p> <p>The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 have now been laid setting out the tax treatment for members impacted by McCloud where benefits are remedied.</p> <p>The Judicial Review (brought by the British Medical Association and the Fire Brigades Union) over the government proposed method of paying for costs incurred by the McCloud Judgment has now begun, the outcomes of which may have implications for the LGPS.</p>	<p>The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 (legislation.gov.uk)</p>	<p>The Fund to continue work on collating/analysing data from employers in relation to implementing the remedy. A SAB guidance paper has been published March 2023 giving Funds principles to apply in their treatment of incorrect or missing data from employers.</p> <p>An officer from the Fund is represented on the scoping group setup to discuss how Funds can implement the remedy.</p> <p>Any delays in the relevant stages may have administrative implications given the time available to respond/progress may be shortened.</p> <p>The inclusion of certain Teachers in relation to the LGPS remedy will also add to the administrative burden and further guidance awaited on how to deal with such cases.</p>
Pension Dashboard	<p>The Pension Dashboard Programme gathers pace with developments in a number of areas.</p> <p>At the end of November 2022, The Pensions Dashboard Regulations 2022 were made and came into force from 12 December 2022.</p> <p>Other developments over recent months have been the publication of guidance on early/deferred connections and consultations released in relation to how TPR will ensure compliance (and how it will deal with non-compliance), how dashboard operators can provide additional services to consumers and</p>	<p>The Pensions Dashboards Regulations 2022 (legislation.gov.uk)</p> <p>Early connection guidance Pensions Dashboards Programme</p> <p>Pensions Dashboards: guidance on deferred connection - GOV.UK (www.gov.uk)</p>	<p>The Fund will continue its preparations towards meeting the necessary Pensions Dashboard requirements and awaits further guidance from central bodies e.g. LGA in relation to what action LGPS Funds should be considering.</p> <p>On 2nd March, DWP announced delays by the way of a Ministerial written statement stating that they will be re-setting the Dashboard and are looking to give an update before the summer recess. This delay is due to the technicalities of connecting to the Dashboard but it is not known yet what this will mean for the LGPS.</p>

	<p>what the regulatory framework would need to be for them to do so and also on design standards.</p>	<p>CP22/25: Proposed regulatory framework for pensions dashboard service firms FCA</p> <p>Dashboards compliance and enforcement policy: consultation The Pensions Regulator</p> <p>https://www.pensionsdashboardsprogramme.org.uk/standards/design-standards-consultation/</p>	<p>A separate update will be provided on this item in the administration report in relation to what actions have/are being taken by the Fund.</p>
<p>Current Consultations</p>	<p>CARE Revaluation Date A short consultation has been issued in February 2023 to move the annual in-service CARE revaluation date from 1 April to 6 April to align with the tax year and reduce the number of members who would potentially breach the annual allowance as a result of the 10.1% CPI increase being awarded.</p> <p>SAB Cost Management Process DLUHC have published a consultation setting out proposed updates to the SAB cost management process for the LGPS. This follows from GADs report into the HMT cost management process and the resulting policy and legislative changes that followed.</p>	<p>https://www.gov.uk/government/consultations/annual-revaluation-date-change-in-the-local-government-pension-scheme-lgps/annual-revaluation-date-change-in-the-local-government-pension-scheme-lgps</p> <p>Local Government Pension Scheme: Changes to the Scheme Advisory Board cost management process - GOV.UK (www.gov.uk)</p>	<p>Once outcomes of the CARE revaluation consultation are known, there is likely to be knock-on implications for the administration team, which will need to be considered as required in terms of resource management / stakeholder communication / process changes etc.</p> <p>Mercers will be responding to the consultation which is due to close Friday 24th March.</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.

Contact person	<i>Nicky Russell, Technical and Compliance Advisor; Tel 01225 395389</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	