

Bath & North East Somerset Council		
MEETING	AVON PENSION FUND LOCAL PENSION BOARD	
MEETING	7 December 2023	Agenda Item Number
		4
TITLE:	Update on Legislation	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Current matters affecting LGPS administration		

1 THE ISSUES

- 1.1 The purpose of this report is to update the Local Pension Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration.

2 RECOMMENDATION

The Board is asked to:

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

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial considerations as this report is for information only.

4 THE REPORT

- 4.1 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 the next steps will be.

5 RISK MANAGEMENT

- 5.1 An effective governance structure, defining clear responsibilities, and ensuring that the decision-making body has an adequate level of knowledge and access to expert advice, is a key aspect of the risk management process.

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 Director of One West has had the opportunity to input to this report and has cleared it for publication.

Contact person	Nicky Russell – Technical and Compliance Manager; Tel 01225 395389
Background papers	LGA Bulletins SAB Meeting Minutes National Technical Group Meeting Minutes
Please contact the report author if you need to access this report in an alternative format	

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
Local Government Minister	As part of the ministerial reshuffle on 13 November 2023, the Local Government minister Lee Rowley moved to the Ministry of Housing. His replacement, Simon Hoare was announced on 14 November 2023.	https://www.bbc.co.uk/news/uk-northern-ireland-67412853	Whilst no immediate impact of this change, it remains to be seen what progress will be made on various outstanding regulatory matters and with this change comes the potential for delays whilst the new Minister gets up to speed on the relevant issues.
McCloud Judgment	<p>01 October 2023 saw the McCloud Regulations become effective following DLUHC's publication of its response to the May 2023 consultation.</p> <p>Working groups have now been established to consider statutory guidance and the Government Actuary's Department will be updating actuarial guidance to reflect the changes emerging. An initial prioritisation policy for administering authorities to follow was published in draft by DLUHC in October</p> <p>Central guidance/support for administering authorities in relation to member information and websites / communications / disclosure / administrator guidance are being considered by LGA and rolled out to Funds. A technical guide was issued on 15 November..</p> <p>A further consultation will take place on some elements of the remedy, in particular for excess teacher's service (as referred to in previous updates). The Teachers Pension Scheme has now issued its first communications to employers on this subject.</p> <p>In addition, HMRC published guidance for LGPS administering authorities with regard to how the remedy will impact annual allowance / lifetime allowance calculations both historic and future.</p>	<p>https://www.gov.uk/government/consultations/mccloud-remedy-in-the-lgps-supplementary-issues-and-scheme-regulations</p> <p>https://www.legislation.gov.uk/ukxi/2023/972/contents/made</p> <p>https://lgpslibrary.org/assets/gas/ew/McC_Prioritisation.pdf</p> <p>Chapter 3, local government pension scheme — scheme administrators' guidance - GOV.UK (www.gov.uk)</p>	<p>Whilst Regulations have now become effective, a number of calculation routines / processes will be on hold until updated factors/guidance and in some instances, software updates, are released.</p> <p>Business as usual cases have started to be processed by the administration team based on the latest calculations available.</p> <p>The Fund are also working on a McCloud communication to all members as part of the Disclosure regulations, which must be sent within 3 months of the regulation effective date.</p> <p>There remains a lot of work for the team to undertake to implement the remedy in full both in terms of calculations and communications including any potential retrospective tax adjustments alongside the remedy itself.</p> <p>The team will be relying on central support and also external advisory support as part of this process given the complex nature of some elements of the remedy.</p>
LGPS Cost Management Process	<p>In September, HMT issued a written ministerial statement regarding the 2020 cost management process and how their cost control mechanism has been reformed.</p> <p>The SAB is also currently considering its own cost control mechanism in light of the above.</p>	https://questions-statements.parliament.uk/written-statements/detail/2023-09-19/hcws1051	<p>Given no changes to benefits/employee contributions arise from these latest updates, there isn't any immediate impact on the administration team.</p> <p>The outcomes of the 2020 exercise are now awaited.</p>
Pensions Dashboard	Following the announcement of the reset in the updated Dashboard Regulations that were laid in July, it has been a fairly quiet period relative to previous months whereby there have been just a few publications by the PDP on common questions raised, why the Dashboard project is being undertaken and also a DWP update setting out guidance for Funds should they wish to defer connection beyond 31 October 2026.	<p>https://www.pensionsdashboardsprogramme.org.uk/2023/10/12/common-questions-on-dashboards/</p> <p>https://www.pensionsdashboardsprogramme.org.uk/2023/09/13/why-are-pensions-dashboards-needed/</p>	The Fund are continuing to work on this as a separate project and are currently investigating ISP connection costs.

		https://www.gov.uk/government/publications/pensions-dashboards-guidance-on-deferred-connection	
Pension Taxation	In September, the LGA responded to the 18 July 2023 consultation on abolishing the LTA. The response set out a number of comments around simplification, member confusion, limits and also implementation (given other competing resource demands at the moment).	https://lgpslibrary.org/assets/cons/nonscheme/20230718_LTA_CR.pdf	Whilst the changes to the annual and lifetime allowance are favourable to members, the changes have led to administrative processes and member communications to be updated. Once final details of how the LTA will be abolished are released, further consideration will be given to what changes are required to processes/communications going forwards.
Academies	In October, the SAB Section 13 working group published guidance on academy conversions, providing information and common nomenclature for approaches adopted by LGPS Funds when an LEA school converts to academy status in relation to funding positions and the setting of contribution rates.	https://lgpsboard.org/images/Guidance/Oct2023SABGuidanceonAcademyConversions.pdf	Whilst the guidance can be issued to newly converted academies this may lead to further questions/discussion with the Fund which need to be managed accordingly.
Levelling Up / Pooling	In October, SAB issued its full response to the next steps on investments consultation – including commentary/concerns on the proposals underlying each of the 3 key areas – pooling, levelling up and private equity. The Fund also issued its own response on 27 September.	https://lgpsboard.org/images/Responses/DLUHC_investment_consultation_SABresponse.pdf	The response to the consultation, once published, will be considered further by the investment team.
Responsible Investment	The LGA has submitted written responses to the Public Bill Committee in September, focussing on some of the practical implications of the Bill's current wording and the potential impact this may have on the operation of the LGPS and fiduciary duties of Funds.	https://www.local.gov.uk/parliament/briefings-and-responses/economic-activity-public-bodies-overseas-matters-bill-report#key-messages	These updates, and the impact on the Fund, will be considered further by the investment team.