

**Appendix 1 – Regulatory Update**

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
<p><b>Pensions Review / Mansion House</b></p>	<p>On <b>14 November 2024</b> the Chancellor presented her Mansion House speech, which set out plans to boost growth of the UK economy. Alongside these announcements, the Government published a consultation titled “Fit for the Future” on LGPS Reform in England and Wales.</p> <p>As anticipated, the consultation focusses on three key themes, pooling, UK investment and governance. The consultation will be open for 9 weeks (until 16 January 2025). Significantly, pools (working with their partner funds) have until 1 March 2025 to also provide a report setting out how they intend to deliver the proposed pooling model.</p> <p>There are 18 proposals included in the consultation across the three areas (4 pooling, 4 UK investment and 10 Governance). In short, the consultation proposes that implementation of investment strategy will be fully delegated to the pools, who will also provide principal investment advice. All pools will be regulated by the FCA and all assets, including legacy assets, are to be transferred. Funds will be required to set a target allocation to local investment and record this in the ISS/report and accounts. The proposals on governance build in many of the recommendations that emerged from the SAB Good Governance Project.</p> <p>The consultation did not include any proposals around consolidation of individual LGPS Funds.</p>	<p><a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#introduction">https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#introduction</a></p>	<p>The pooling proposals in the consultation, and the impact on the Fund, will be considered further by the investment team alongside advisors and the pool and reported separately.</p> <p>The recommendations/requirements relating to governance will be considered further by the governance team alongside ongoing work associated with ensuring compliance with the TPR General Code.</p>
<p><b>Pensions Review / Call for Evidence</b></p>	<p>On <b>4 September 2024</b>, a Call for Evidence was published by various Government departments to respond to questions relating to Phase one of the Pensions Review, focussing primarily on DC Schemes and LGPS investment. The Scheme Advisory Board and LGPC submitted a response to this, and Avon Pension Fund submitted its own response on 25 September 2024.</p>	<p><a href="https://www.gov.uk/government/calls-for-evidence/pensions-investment-review-call-for-evidence#:~:text=Summary,waste%20in%20the%20pensions%20system.">https://www.gov.uk/government/calls-for-evidence/pensions-investment-review-call-for-evidence#:~:text=Summary,waste%20in%20the%20pensions%20system.</a></p> <p><a href="https://lqpsboard.org/images/Responses/25092024%20Response%20to%20Call%20for%20Evidence%20Pensions%20Review%20Part%201.pdf">https://lqpsboard.org/images/Responses/25092024 Response to Call for Evidence Pensions Review Part 1.pdf</a></p> <p><a href="https://lqpslibrary.org/assets/bulletins/2024/255%20Pension%20review%20LGPC%20response.pdf">https://lqpslibrary.org/assets/bulletins/2024/255 Pension review LGPC response.pdf</a></p>	<p>These updates, and the impact on the Fund, will be considered further by the investment team as the position develops and any recommendations emerge.</p>

<p><b>McCloud Judgment</b></p>	<p>On <b>11 October 2024</b>, the LGA published the second version of its McCloud administration guide. This includes updates to other calculations covered by the underpin e.g. transfers in and revisiting past calculations, and numerous updates to ensure consistency the previously released McCloud Implementation Statutory Guidance. A number of other guidance materials have also been produced, including template forms to help administering authorities collect data regarding pension history for those members who aren't eligible for the remedy based on their LGPS membership but may qualify from prior service in other public service pension schemes.</p> <p>With regard to Club transfer quotations, the Cabinet Office confirmed in October that administering authorities can opt to extend the 12-month limit given the exceptional circumstances associated with the remedy. Administering authorities should also be aware of issues that have arisen linked to Club transfer quotations produced for eligible members of the Teachers' Pension Scheme.</p> <p><b>Teachers Excess Pensions</b> Discussions continue between LGA and representatives from MHCLG, DfE and Capita to discuss the operation of the McCloud remedy for teachers with excess services. Template forms are in the process of being agreed so the next stages in the process can be progressed.</p>	<p><a href="#">LGPS Underpin technical guide v2.0 (lgpslibrary.org)</a> <a href="https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Flgpslibrary.org%2Fassets%2Fgas%2Fuk%2FMcCloud_PSP_hist_ory_form_v1.0.docx&amp;wdOrigin=BROWSELINK">https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Flgpslibrary.org%2Fassets%2Fgas%2Fuk%2FMcCloud_PSP_hist_ory_form_v1.0.docx&amp;wdOrigin=BROWSELINK</a></p>	<p>The team are starting to implement the remedy in line with the guidance and priorities published and are looking firstly to remediate the pensioner population.</p> <p>A new project is being planned on how best to communicate with the Fund's membership to collate the information on other public sector scheme membership that could make a member 'McCloud qualifying.</p> <p>Overall, there remains a lot of work for the team to undertake to implement the remedy in full both in terms of calculations and communications which is to be completed by 31 August 2025.</p>
<p><b>Pensions Dashboard</b></p>	<p>A written statement from the Pensions' Minister, Emma Reynolds was released on <b>22 October 2024</b> confirming the Government's commitment to the existing timetable for schemes connecting to the ecosystem which will begin in April 2025 (with an overall deadline of 31 October 2026 as set out in legislation). The Pension Dashboards Programme (PDP) has been asked to focus on the Moneyhelper dashboard service before turning to commercial dashboards to help the public realise the benefits of dashboards as early as possible.</p> <p>Further guidance/communications have also been issued by the PDP via blogs and regular updates including draft Technical Standards, and other interested parties e.g. PASA (Dashboards Toolkit), TPR (Compliance and Enforcement Policy) etc.</p>	<p><a href="https://questions-statements.parliament.uk/written-statements/detail/2024-10-22/hcws148">https://questions-statements.parliament.uk/written-statements/detail/2024-10-22/hcws148</a> <a href="https://www.pensionsdashboardsprogramme.org.uk/standards/technical-standards">https://www.pensionsdashboardsprogramme.org.uk/standards/technical-standards</a> <a href="https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/code-of-connection-overview-and-latest-updates">https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/code-of-connection-overview-and-latest-updates</a> <a href="https://www.pasa-uk.com/dashboards-toolkit/">https://www.pasa-uk.com/dashboards-toolkit/</a> <a href="https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-and-enforcement-policies/pensions-dashboards-compliance-and-enforcement-policy">https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-and-enforcement-policies/pensions-dashboards-compliance-and-enforcement-policy</a></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><b>Pension Taxation</b></p>	<p>In <b>October 2024</b>, new Regulations were laid (coming into force on <b>18 November 2024</b>) and effective for the 2024/25 tax year, implementing minor corrections relating to LTA protections and new provisions relating to Transitional Tax-Free Amount Certificates (TTFAC) and Trivial Commutation Lump Sums (TCLS).</p> <p>On <b>30 October 2024</b>, the Chancellor delivered the Autumn Budget, the first under the new Labour Government. The focus was a package of tax increases amounting to more than £40 billion (including increases to Employer National Insurance and Capital Gains Tax). The biggest pension-related change to emerge is in relation to Inheritance Tax. With effect from April 2027 payments from registered pension schemes following the death of a member where the recipient is not the spouse, or civil partner will now be within scope. A technical consultation is now underway.</p>	<p><a href="https://www.legislation.gov.uk/ukxi/2024/1012/introduction/made">https://www.legislation.gov.uk/ukxi/2024/1012/introduction/made</a></p> <p><a href="https://www.legislation.gov.uk/ukdsi/2024/9780348263930/contents">https://www.legislation.gov.uk/ukdsi/2024/9780348263930/contents</a></p> <p><a href="https://www.gov.uk/government/consultations/inheritance-tax-on-pensions-liability-reporting-and-payment/technical-consultation-inheritance-tax-on-pensions-liability-reporting-and-payment">https://www.gov.uk/government/consultations/inheritance-tax-on-pensions-liability-reporting-and-payment/technical-consultation-inheritance-tax-on-pensions-liability-reporting-and-payment</a></p>	<p>An update to the central guidance produced by the LGA is now awaited that will reflect the latest regulatory changes.</p> <p>In relation to the Autumn Budget, communication changes to members, and the potential impact, will be important to reduce the number of queries emerging (and lessen the burden on the administration team of having to deal with such queries).</p> <p>Depending on the outcomes, updated administrative processes will need to be considered going forward.</p>
<p><b>FE College Guarantee</b></p>	<p>In <b>November 2024</b>, the Government announced that the Department for Education (DfE) would provide a crown guarantee to Further Education providers in England and Wales operating in the statutory sector. Higher Education providers are not covered.</p> <p>The guarantee will operate in a similar manner to that provided for Academies. It will not apply to mergers or pooled colleges (where one constituent closes). The guarantee is unlimited with the DfE being able to make payments up to £32 million per annum (across the LGPS) before approval needs to be sought from the Treasury.</p>	<p><a href="https://questions-statements.parliament.uk/written-statements/detail/2024-11-12/hcws202">https://questions-statements.parliament.uk/written-statements/detail/2024-11-12/hcws202</a></p> <p><a href="https://assets.publishing.service.gov.uk/media/672cdb59cc61d0a714ffda0e/Further_education_FE_bodies_Local_Government_Pension_Scheme_LGPS_guarantee.pdf">https://assets.publishing.service.gov.uk/media/672cdb59cc61d0a714ffda0e/Further_education_FE_bodies_Local_Government_Pension_Scheme_LGPS_guarantee.pdf</a></p> <p><a href="https://lgpsboard.org/images/MinisterialLetters/14112024%20Baroness%20Smith%20letter%20FE%20LGPS%20Guarantee%20letter%20to%20Cllr%20Phillips%20LGPS%20SAB.pdf">https://lgpsboard.org/images/MinisterialLetters/14112024%20Baroness%20Smith%20letter%20FE%20LGPS%20Guarantee%20letter%20to%20Cllr%20Phillips%20LGPS%20SAB.pdf</a></p>	<p>Whilst a positive move, the introduction of the guarantee may lead to an increasing number of queries from FE Colleges and their advisors, which will need to be managed by the Fund.</p>
<p><b>Annual Report and Accounts</b></p>	<p>In <b>November 2024</b>, SAB wrote a letter to MHCLG sent a letter to the Local Government Minister to reconfirm the Board's previous recommendation that the production of pension fund accounts for English LGPS Funds should be separate to the production of the administering authority's main accounts.</p>	<p><a href="https://lgpsboard.org/images/MinisterialLetters/1311204%20Board%20Secretary%20to%20Jim%20McMahon%20MP%20-%20Audit%20Separation.pdf">https://lgpsboard.org/images/MinisterialLetters/1311204%20Board%20Secretary%20to%20Jim%20McMahon%20MP%20-%20Audit%20Separation.pdf</a></p>	<p>Should separation emerge in the future, the impact will need to be considered by those involved in the preparation of the Fund's annual report and accounts.</p>
<p><b>New Fair Deal / Survivor Benefits</b></p>	<p>MHCLG have confirmed that there will be a focus from the new Minister on "fairness" in pensions. This will include progress on catching up survivor benefit rules with existing court judgments e.g. Goodwin etc. and also a further consultation on pension protection on outsourcing, thereby revisiting how New Fair Deal operates and the 2019 consultation.</p>		<p>Further changes to how new employers are treated on entering the Fund and changes to Regulations in relation to Survivor Benefit equalisation will have an impact on the employer and administration teams. Further details are awaited in order that appropriate plans for resource/information can be considered.</p>

<p><b>Responsible Investment</b></p>	<p>In <b>September 2024</b>, the SAB released a statement in light of increasing levels of lobbying about how LGPS funds are invested.</p> <p>In <b>October 2024</b>, legal advice from Nigel Giffin KC, was provided to SAB and provided an opinion whether LGPS Funds could face criminal action as a result of holding investments in companies linked to the ongoing situation in the Middle East.</p> <p>Whilst the advice should help administering authorities respond to letters enquiring about this subject, it does not comment on the underlying investment decisions and exclusions themselves. Dealing with the issue of exclusions is complicated and requires careful consideration, with supporting legal and investment advice.</p>	<p><a href="https://lgpsboard.org/images/Other/SAB_Statement_Fiduciary_Duty_Lobbying_Sept2024.pdf">https://lgpsboard.org/images/Other/SAB_Statement_Fiduciary_Duty_Lobbying_Sept2024.pdf</a></p> <p><a href="https://lgpsboard.org/images/LegalAdviceandSummaries/Oct2024_LGA_LGPSGazaevetsopinion_from_Nigel_Giffin_KC.pdf">https://lgpsboard.org/images/LegalAdviceandSummaries/Oct2024_LGA_LGPSGazaevetsopinion_from_Nigel_Giffin_KC.pdf</a></p>	<p>These updates, and the impact on the Fund, will be considered further by the investment team as the position develops and any recommendations emerge.</p>
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