

<b>REPORT TO:</b>	<b>Pension Board 14 October 2021</b>
<b>SUBJECT:</b>	<b>Local Government Pension Scheme Advisory Board / The Pensions Regulator Update</b>
<b>LEAD OFFICER:</b>	<b>Nigel Cook Head of Pensions and Treasury</b>
<p><b>1. RECOMMENDATION</b></p> <p>1.1 The Board are asked to note the contents of this report.</p>	

## **2. EXECUTIVE SUMMARY**

- 2.1 This report advises the Board of the matters currently being considered by the Local Government Pension Scheme Advisory Board and The Pensions Regulator which are relevant to the Fund.

## **3 DETAIL**

### **3.1. Local Government Pension Scheme Advisory Board (SAB)**

#### Public Service Pensions and Judicial Offices Bill

On 7 September the Bill received its second reading and it is expected that Government amendments will provide more detail on the application of remedy in respect of unlawful discrimination to the LGPS.

#### The Pensions Regulator new code of practice

On 24 August TPR published its interim response to the consultation on its new code of practice.

On 4 June the Board submitted its response to The Pensions Regulator's consultation on a combined code of practice.

#### Occupational Pensions Stewardship Council (OPSC)

On 8 July 2021 the DWP launched the OPSC which aims to develop a stronger overall voice for trustees especially in relation to service providers. It also enables opportunities for schemes to collaborate on stewardship activities such as shareholder resolutions, climate change, corporate governance and other topics. The website lists funds which are currently members and specifically invites interest from funds in the Local Government Pension Scheme.

#### Special Severance Payments by local authorities

On 2 July MHCLG launched a six weeks consultation period on statutory guidance in respect of special severance payments

### Exit payment data

On 2 July MHCLG published a summary of exit payment data submitted by councils in respect of 2019/20 and 2020/21. The average payment, including pension strain, for 2020/21 across all local authorities was £26,000.

### The Pensions Regulator public sector survey

On 1 July The Pensions Regulator published its annual public service governance and administration survey. The primary objective of the survey is to track governance and administration practices among public service pension schemes. In addition, the 2020-21 survey included new questions on schemes' response to the COVID-19 pandemic, awareness and perceptions of the pensions dashboards, and the actions taken by Local Government schemes in relation to climate related risks and opportunities.

### SAB Response to DWP call for evidence on consideration of social risks and opportunities by occupational pension schemes

On 25 June 2021, following consultation with the Board's Responsible Investment Advisory Group the SAB submitted its response.

### Scheme Annual Report

On 18 May 2021 the Board Chair announced the publication of the Scheme Annual Report accessible on the website via

<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

### Boycotts, Divestment and Sanctions Bill

On 11 May, in the Queen's Speech, it was announced that a Bill will be introduced to prevent public bodies from taking a different approach to UK sanctions and foreign relations policies when making purchasing, procurement and investment decisions.

### McCloud response

On 13 May a "Written Ministerial Statement" was published setting out the high level objectives of Government in applying the remedy as required following the McCloud judgement.

On 11 May, in the Queen's Speech, it was announced that a "Public Service Pensions and Judicial Offices Bill" will be introduced that will deal with the amendments necessary to incorporate the McCloud judgement into public service pension schemes including the LGPS.

On 6 October 2020 the SAB published its final response to the MHCLG consultation.

### 3.2 The Pensions Regulator (TPR)

TPR has a wider remit than the SAB and most of its publications / press releases concern private sector schemes. However, in recent months it has published the following matters of interest to the LGPS:

#### New Code of Practice

On 24 August TPR published its interim response to the consultation on its new code of practice.

On 17 March 2021 TPR issued a consultation document on a proposed new code of practice, mainly dealing with the governance and administration of pension schemes, that will replace 10 of their existing codes. The “existing codes” include Code of Practice 14 which applies to the LGPS. The consultation period ended on 26 May 2021.

#### Public Sector Survey

On 1 July TPR published its annual public service governance and administration survey. The primary objective of the survey is to track governance and administration practices among public service pension schemes.

In its press release TPR emphasise that defined benefit pension schemes are not as prepared as they should be for upcoming regulations on climate change. They point out that proposed regulations arising from the Pensions Schemes Act 2021 will require trustees to look at management and governance of climate-related risks and opportunities in more detail. From October 2022 trustees of schemes with over £1bn in assets will be required to comply with the regulations.

#### Annual Funding Statement 2021

On 26 May 2021 TPR published its “Annual Funding Statement 2021” in which it headlined that “Trustees of defined benefit pension schemes must remain alert to the risk of weakening employer covenants as uncertainties remain following a challenging year for businesses.”

## 4 DATA PROTECTION IMPLICATIONS

### 4.1 Will the subject of the report involve the processing of ‘personal data’?

No.

**Approved by:** Nigel Cook on behalf of Richard Ennis, Interim Corporate Director of Resources and Section 151 Officer.

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#### **BACKGROUND DOCUMENTS:**

None.