

<b>REPORT TO:</b>	<b>Pension Board 13 January 2022</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>

## 1. **RECOMMENDATION**

- 1.1 The Board are asked to note the contents of this report.

## 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)**

#### Section 13 Report

- 3.1.1 On 16 December 2021 the Department for Levelling Up, Housing and Communities published the Government Actuary's Department report on the 2019 fund valuations as required by Section 13 of the Public Service Pensions Act 2013. The report can be found via the link below:

<https://www.gov.uk/government/publications/local-government-pension-scheme-review-of-the-actuarial-valuations-of-funds-as-at-31-march-2019>

#### Cost Control

- 3.1.2 On 7 October 2021 HM Treasury published its Cost Control Directions. On their publication the Board became able to publish the results of their own cost management process which were agreed in the summer subject to confirmation of the Treasury's Directions. Details can be found via the link below:

[LGPS Scheme Advisory Board - Cost Management \(lgpsboard.org\)](https://lgpsboard.org/)

#### Code of Transparency

- 3.1.3 Following a consultation with Code signatories proposed amendments to the LGPS Code of Transparency were agreed by the Board at its meeting on 27 September 2021. The updated Code wording can be found via the link below:

<https://lgpsboard.org/index.php/the-code>

### Public Service Pensions and Judicial Offices Bill

- 3.1.4 On 7 September 2021 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

- 3.1.5 On 24 August 2021 the Pension Regulator published its interim response to the consultation on its new code of practice. The full response can be seen via the link below.

[Link](#)

- 3.1.6 On 4 June 2021 the Board submitted its response to The Pensions Regulator's consultation on a combined code of practice. The full response can be seen via the link below.

[Link](#)

### Occupational Pensions Stewardship Council (OPSC)

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

[Link](#)

### Special Severance Payments by local authorities

- 3.1.8 On 2 July 2021 MHCLG launched a six weeks' consultation period on statutory guidance in respect of special severance payments. Details are included via the links below.

[Link](#)

[Link](#)

### Exit payment data

- 3.1.9 On 2 July 2021 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. Details can be accessed via the link below.

[Link](#)

### The Pensions Regulator public sector survey

- 3.1.10 On 1 July 2021 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. The survey can be viewed via the link below.

[Link](#)

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

- 3.1.11 On 25 June 2021, following consultation with the Board's Responsible Investment Advisory Group the SAB submitted its response. The call for evidence and the Board's response can be viewed via the links below.

[Link](#)

[Link](#)

### Scheme Annual Report

- 3.1.12 On 18 May 2021 the Board Chair announced the publication of the Scheme Annual Report accessible on the website via the link below.

[Link](#)

### Boycotts, Divestment and Sanctions Bill

- 3.1.13 On 11 May 2021, in the Queen's Speech, it was announced that a Bill would 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

- 3.1.14 On 13 May 2021 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 2021, 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)**

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

### Adapting Pensions to Climate Change

- 3.2.2 On 28 October 2021 TPR published its “Climate Adaptation Report” in which it argues that too few schemes give enough consideration to climate-related risks and opportunities, which means that investment and saver outcomes could suffer. It reports that a survey of defined benefit schemes showed that more than half had not allocated time or resources to assessing any financial risks and opportunities associated with climate change. The Report can be accessed at:

<https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/climate-change-and-environment/climate-adaptation-report>

### Asset Allocation by Defined Benefits Schemes

- 3.2.3 On 21 October 2021 TPR confirmed that from 2023 it will ask “trustees” of defined benefits schemes for more information about how they allocated their assets.

### New Code of Practice

- 3.2.4 On 24 August 2021 TPR published its interim response to the consultation on its new code of practice. Full details can be accessed via the link above, at paragraph 3.1.5. 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

- 3.2.5 On 2 July 2021 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. Further details can be accessed via the link below.

<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2021-press-releases/db-schemes-must-act-on-climate-change-preparations-survey-shows>

### Annual Funding Statement 2021

- 3.2.6 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:** Richard Ennis, Interim Corporate Director of Resources (Section 151) and Deputy Chief Executive

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### **CONTACT OFFICER:**

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### **BACKGROUND DOCUMENTS:**

None.

### **APPENDICES:**

None.