

Croydon Council

REPORT TO:	Pension Board 25 March 2021
SUBJECT:	Local Government Pension Scheme Advisory Board / The Pensions Regulator Update
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury

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)

Good Governance – Final Report

On 8 February the Board agreed that “Good Governance – Final Report” be published and that the Board’s action plan be submitted to the Local Government Minister for consideration. The action plan comprises those matters that would fall to MHCLG for implementation, those that would fall to the Board and others to implement and those items identifying and promoting existing best practice which can be implemented without further agreement. The report and action plan can be accessed at <https://www.lgpsboard.org/>

Exit payments and 95k cap

On 10 March 2021 the guides for Administering Authorities and Employers on the lgpsregs site were updated to take account of the revocation regulations and the requirement for payment of interest on exit payments by employers.

On 4 March 2021 MHCLG issued a letter to authorities withdrawing its letter of 28 October 2020.

On 25 February 2021 revocation regulations were laid.

On 17 February 2021 guides on lgpsregs were updated.

On 12 February 2021 HMT directions disapplied parts of the exit cap regulations
PB 25032021

effectively switching off the cap in England.

On 13 January 2021 the SAB website was updated to include the impact of the timing of the Judicial Reviews on MHCLG regulations and Pensions Ombudsman cases.

On 9 December 2020 the public sector exit payments page of the SAB website was updated to include the SAB response to the draft regulations on exit payments and further reform.

On 9 November 2020 the public sector exit payments page of the SAB website was updated to include a link to exit cap information for employers.

On 28 October 2020 a letter was sent from the Local Government minister to all administering authorities, in respect of the implementation of the public sector exit payment regulations from 4th November 2020. The SAB was also sent a copy of the letter and considered its contents alongside legal advice it had received.

On 30 October 2020 the SAB website was updated to include a commentary on the legal advice it had received.

On 15 October 2020 the Exit Cap regulations were made.

Lifetime Allowance Frozen

In the Budget on 3 March 2021 the Chancellor announced that the Lifetime Allowance ie the maximum amount of pension plus lump sum that can be drawn from a pension scheme without triggering an extra tax charge, would be frozen at its current level (£1,073,100) until April 2026.

Employer Flexibilities Guidance Published

On 2 March 2021 MHCLG published statutory guidance to assist LGPS administering authorities and scheme employers in implementing and operating the regulations on employer flexibilities introduced in September 2020.

Minimum Pension Age

On 11 February 2021 the Government launched consultation proposing that the minimum pension age be increased from 55 to 57 in 2028. The consultation runs until 22 April 2021.

Pensions Scheme Act 2021

On 11 February 2021 royal assent was received. Elements which will impact on the LGPS include climate risk reporting and the pensions dashboard.

Climate risk

On 27 January 2021 a policy consultation response and Consultation regulations entitled “Taking action on climate risk: improving governance and reporting by occupational pension schemes” was launched and ran until 10 March 2021. The regulations do not cover the LGPS but regulations are expected from MHCLG substantially to mirror these requirements.

Covid -19

On 2 November 2020 the Covid-19 information and updates page of the SAB website was updated with the results of the follow up survey conducted by the SAB

McCloud response

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 recent publications / press releases have concerned private sector schemes. Its only recent “statement” of immediate relevance to the LGPS was Guidance on Covid-19 published on 16 September.

On 14 January 2021 TPR published an interim response to its first defined benefit funding code consultation but this does not appear to be directly relevant to the LGPS.

Officers recently completed TPR’s “Public Service Governance and Administration Survey 2020.

4 DATA PROTECTION IMPLICATIONS

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

No.

Approved by: Chris Buss, Interim Director of Finance, Investment and Risk, S151 Officer

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BACKGROUND DOCUMENTS:

None.