

Warwickshire Local Pension Board

Regulatory Update

13 April 2021

Recommendation(s)

1. The Local Pension Board note and comment on the report.

1. Executive Summary

- 1.1 This report seeks to update the Local Pension Board on developments that impact on the Local Government Pension Scheme.

2. Financial Implications

- 2.1 No direct costs identifiable at present.

3. Environmental Implications.

- 3.1 The Government has issued proposals for pension schemes to comply with the improved governance and risk management arrangements relating to climate change risks.

4. Supporting Information

- 4.1 On 11th February 2021 the UK Pensions Act received Royal Assent. The Act sets out changes in a wide range of areas many of which are not relevant to the Local Government Pension Scheme. Those relevant are detailed below:
 - **Pensions Dashboards;** the Act introduces a framework to support pensions dashboards including new powers to compel schemes to provide information. The impact for the administration service is discussed in more detail in the Administration Update.
 - **Limiting Transfer Rights;** the Act will allow schemes to block transfer requests where specified conditions are not met. This item is discussed in more detail in the Administration Update.
 - **Climate Change Governance;** Regulations can force schemes to ensure there is effective governance with respect to the effects of climate change. Local Authority pension funds are to make disclosures

in line with the recommendations of the Task Force on Climate Related Financial Disclosure. Funds are expecting the Ministry for Housing, Communities and Local Government to release a consultation on TCFD for the LGPS in the summer. See 4.3 below

- 4.2 **Increase in minimum pension age;** on 11th February Her Majesty’s Treasury launched a consultation on the implementation of increasing the minimum pension age from 55 to 57 in April 2028. This is the age at which individuals will be able to access their pension benefits without incurring a tax charge and was introduced in 2010 when it was increased from age 50. However, the proposal is that members of the LGPS as of the 5th April 2028 will retain the right to retire from the age of 55 whereas new members on or after 6th April 2028 will be subject to the amendment. There is uncertainty about whether the age for members retiring on redundancy or efficiency will remain at age 55 for those members of the scheme prior to 6 April 2028.
- 4.3 **Climate change risk and the Task Force on Climate Related Financial Disclosures;** in January the Government published a response to its August 2020 consultation, *Taking action on climate risk: improving governance and reporting by occupational pension schemes*, along with draft regulations and non-statutory guidance.
- 4.4 The consultation contained proposals for occupational pension schemes to comply with the recommendations of the TCFD and have effective governance and risk management. The Department for Work and Pensions has launched a consultation on draft regulations and statutory guidance, and it is expected that Regulations on how this will apply to the LGPS will be issued after a consultation by MHCLG expected later in 2021.

5. Timescales associated with the decision and next steps

- 5.1 Officers will keep the Local Pension Board updated on future developments.

Appendices

1. None.

Background Papers

1. None

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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: n/a