

Staff and Pensions Committee

11 September 2023

Pension Fund Regulatory and Policy Update Report

Recommendations

That the Committee:

1. Notes and comments on the updates contained in this Report; and
2. Approves the changes proposed to the Fund's Admission and Termination Policy and Funding Strategy Statement set out at as Appendices 1 and 2 respectively.

1. Executive Summary

- 1.1 This Report confirms the findings of the annual review of Pension Fund policies. Any significant changes recommended to any policy are confirmed in the body of this report.
- 1.2 This Report also provides a regulatory update of developments and issues that have arisen in the Local Government Pension Scheme (LGPS) arena in the last quarter.

2. Financial Implications

- 2.1 There are no financial implications arising directly from this report.

3. Environmental Implications

- 3.1 There are no environmental implications arising directly from this Report.

4. Supporting Information

Review of Policies and Processes

- 4.1 Fund Officers have reviewed the Administration Strategy and have concluded that no amendments are required at this time as timescales and contents are still fully compliant with the relevant legislation governing the LGPS. Fund Officers have already made key changes at earlier points in response to areas

where further clarification was required for both Fund Officers and key Stakeholders.

- 4.2 The Admission and Termination Policy has been updated to reflect an amendment relating to how exit credit payments should be assessed for Community Admission Bodies (CABs). Please see Appendix 1.
- 4.3 The Funding Strategy Statement (appendix J – policy on cessations) has also been updated to reflect the change made to the Admission and Termination Policy with regard to the payment of exit credits to CABS. Please see Appendix 2.
- 4.4 Fund Officers have deferred the review of the Governance Compliance Policy until after the publication of the Scheme Advisory Board (SAB) Good Governance Review in 2024. However, prior to publication of the SAB Review, officers will review areas of the Fund's Governance structure. This will include the introduction of a Workforce Planning Strategy and the introduction of a Representation Policy (a document explaining how key stakeholders are represented in the decision-making processes of the Fund). Both of these will be covered in a training session provided by Hymans Robertson on the 18 September 2023.

Regulatory Updates since June 2023

Scheme Amendment Announcements

- 4.5 A consultation on equalising the survivor benefits paid to male spouses or civil partners of female members with the benefits paid to same sex spouses or civil partners is expected. The rules will be backdated to 5 December 2005 to reflect the earliest date that a couple could have entered a same sex civil partnership. The Local Government Association (LGA) has indicated that the numbers involved nationally are likely to be low and therefore unlikely to have a great impact on the Fund.
- 4.6 There are no immediate plans to remove the upper age limit of 75 for death grants. The SAB Chair has raised concerns about this with the Minister because of the possibility of a legal challenge as changes are scheduled to be made to other public sector pension schemes to remove the upper age limit. The LGA and SAB have indicated that they will continue to pursue this with the Minister.
- 4.7 Public sector exit payment reform remains a government commitment although there is no indication of when new rules might be consulted on. Any changes will be introduced for each individual scheme, there will not be a public sector-wide approach. Other public service schemes do not provide unreduced benefits to members made redundant at age 55 or older. There is a possibility that this provision will be changed in the LGPS.

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- 4.8 The Local Government Association (LGA) has responded to the Department for Levelling Up, Housing and Communities (DLUHC) consultation. The response was generally supportive of the policies that were proposed but made a number of technical comments about whether the draft regulations deliver the policies as intended.
- 4.9 The LGA also raised concerns about timing and the small amount of time that administering authorities and software suppliers will have to change their processes and calculations before 1 October 2023.

Pension Dashboards

- 4.10 Following the Department for Work and Pensions (DWP) Written Ministerial Statement in March, a further statement was published in June 2023 giving an update on pensions dashboards. The latest statement confirms the removal of the phased staging deadline from legislation, replacing it with a single connection deadline of 31 October 2026.
- 4.11 The Pensions Regulator (TPR) has encouraged schemes to continue preparing for dashboards by considering data quality and how to improve it, choosing an Internet Service Provider, etc.

5. Timescales associated with the decision and next steps.

- 5.1 There are no timescales associated with this Report.

Appendices

Appendix 1 - Revised Admission and Termination Policy

Appendix 2 – Revised Funding Strategy Statement

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

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