

Staff and Pensions Committee

11 December 2023

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 Conflicts of Interest Policy.

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 Cyber Security Policy with the Cross Unit Working Group, Some changes are currently being considered and if the final suggestions are considered to be material, they will be brought back to this meeting in March 2024. It was decided that no alterations were currently required as the Policy as drafted meets the needs of the Pension Fund.

- 4.2 The Fund's Conflicts of Interest Policy has been reviewed. Following advice from Hymans Robertson a recommendation was made to reference the relationships between (a) the Fund and Border to Coast Pension Partnership and (b) the Fund and Warwickshire County Council, where possible conflicts may arise. Clarification has been added to the Policy to address these issues. The opportunity was taken to make some further clarifications where this Policy links into other policies held by the Fund, such as our Governance Compliance Statement. Please refer to the marked-up version in Appendix 1 which sets out the changes proposed.

Regulatory and General LGPS Updates since September 2023

- 4.3 On 18 October 2023, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2023 as 6.7 per cent. Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year. The Fund will await confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions, and pensions in payment in April 2024 will be 6.7 percent.
- 4.4 On 25 October 2023, the Department for Levelling up and Communities (DLUHC) published the LGPS statistics for England and Wales: 2022 to 2023. Highlights include:
- total expenditure was £15.2 billion, an increase of 5.1 percent on 2021/22
 - total income was £17.3 billion, as increase of 8.5 percent on 2021/22
 - employers' contributions amounted to £8.4 billion, an increase of 7.8 percent on 2021/22
 - employee contributions were £2.8 billion, an increase of 9.5 percent on 2021/22
 - the market value of the LGPS funds at the end of March 2023 was £357.2 billion, a decrease of 1.9 percent.
 - there were 6.2 million scheme members on 31 March 2023: 2 million active members, 1.9 million pensioners and 2.3 million deferred members.
 - There were 87,129 retirements, a decrease of 8 percent with 2021/22.

McCloud

- 4.5 The McCloud legislation was implemented from 1st October 2023 and the Fund is now working on the review of cases. Further information is provided in the Pensions Administration Update Report also on this agenda. The Local Government Association (LGA) has created a new area on their website for members to provide them with more information on how they will be affected by the McCloud remedy.
- 4.6 Certain transfers for members with underpin protection are on hold until the actuarial guidance for transfers is updated for the McCloud remedy. As a

result some transfers between public sector schemes will be paused as Funds await updated GAD guidance, however transfers between LGPS schemes can continue as long as the information required to assess the underpin is held on the member record.

Dashboards

- 4.7 The National LGPS Technical Group agreed to form a sub-group to look at Added Voluntary Contributions (AVCs) and dashboards. AVC information is held by the provider and not the Fund. The sub-group will work with all LGPS and AVC providers to establish common approaches on matching and providing value data.
- 4.8 The Pensions Dashboards Programme (PDP) has confirmed that it will be looking to engage with the industry on dashboards connection guidance over coming months, with further engagement on the dashboards standards set to take place in 2024. The PDP's latest update report was focused on a new programme plan to help facilitate pension providers and schemes in meeting the October 2026 connection deadline.
- 4.9 LGA have published a draft guide for Funds to use when considering the work that is required to establish the connection to the dashboard and the work that is necessary to ensure data quality is maintained. This is essential so that information accessed by members is accurate.

5. Timescales associated with the decision and next steps.

- 5.1 There are no timescales associated with this Report.

Appendices

Appendix 1 – Conflicts of Interest Policy

	Name	Contact Information
Report Authors	Martin Griffiths, Victoria Jenks	martingriffiths@warwickshire.gov.uk, vickyjenks@warwickshire.gov.uk
Director	Andrew Felton, Director of Finance	andrewfelton@warwickshire.gov.uk
Executive Director	Rob Powell, Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Councillor Peter Butlin, Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): N/A

Other members: Councillors Yousef Dahmash and Bill Gifford