

Staff and Pensions Committee

10 June 2024

Pension Fund Regulatory and Policy Update Report

Recommendation

That the Committee notes and comments on the updates contained within this Report.

1. Executive Summary

- 1.1 This Report confirms the findings of the most recent 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 the Local Government Pension Scheme (LGPS) over 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 from this Report.

4. Warwickshire Pension Fund Policies

- 4.1 Several of the Fund's Policies have been reviewed this quarter. These include:

Breaches: Policy has had some minor amendments in readiness for it to be placed on the website (Appendix 1). Changes to highlight are an updated reference to the tPR General Code of Practice; and removal of references to year end return of data submitted by employers, as I-connect processes have replaced this.

Communication Policy has had some minor amendments in readiness for it to be placed on the website (Appendix 2). Highlights include:

- Page 5 Telephone number added into Fund contact details.
- Page 7 Updated name of pensioner magazine
- Page 8 Updated face to face meetings to include employers.
- Page 9 Updated information in relation to pension dashboard
- Page 10 Payslips information updated to reflect that the Fund is no longer sending monthly paper payslips.
- Page 15 Updated appendix tables in line with paper updates.

Data Retention Policy: No material changes were required to the contents as it is based on a document provided by the Local Government Association and this is the latest version.

Fraud and Corruption Policy has been reviewed by the Council's Internal Audit Manager and specialist in this field and there are no material changes. The document will be available on the website and is included at Appendix 3.

Pension Fund Discretions were reviewed by Legal Services in conjunction with Fund officers. Many of these discretions apply to the fund where the scheme employer is defunct. Therefore, some minor changes were made to bring it in line with discretions contained in the Council Pay Policy Statement. Other changes made are around simplifying the policy wording for the Rule of 85 protections.

The **Cyber Security Policy** is covered in a separate report on this agenda.

5. Regulatory Updates and information relating to the Local Government Pension Scheme

5.1 Annual Report Guidance 2024

Updated guidance for preparing the Fund annual report can be found on the [Guidance page](#) of the Board's website. This is the first publication which has been reviewed and jointly approved by the SAB's Compliance and Reporting Committee (CRC), the Chartered Institute of Public Finance and Accountancy (CIPFA) Public Finance Management Board and the Department for Levelling Up, Housing and Communities (DLUHC). It replaces the 2019 guidance produced by the CIPFA Pensions Panel, which was disbanded in 2021.

5.2 Economic Activity of Public Bodies (Overseas Matters) Bill

The Economic Activity of Public Bodies (Overseas Matters) Bill, also known as the Boycotts, Divestments and Sanctions Bill, entered Committee Stage after its second reading in the House of Lords on 20 February 2024. The Bill seeks to ban administering authorities from making investment decisions influenced

by political or moral disapproval of foreign state conduct, except where this is required by formal Government legal sanctions, embargoes, and restrictions.

5.3 **Spring Budget 2024**

The Chancellor, Jeremy Hunt, delivered the Spring Budget on 6 March 2024. For the LGPS, the Budget documents confirm:

- The Government will work with the LGPS to consider the role they could play in unlocking investment in new children's homes.
- As early as April 2024, the LGPS (England and Wales) will be required to publicly disclose the breakdown of their asset allocations, including UK equities.

5.4 **The Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024**

HM Treasury laid The Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024 before Parliament on 14 March 2024, coming into force on 6 April 2024.

They amend relevant legislation to ensure the smooth operation of the new pensions tax framework following the abolition of the lifetime allowance. This includes providing for transitional issues that were not included in the Finance Act 12 2024 and issues with the Act that were identified through consultation with industry after it was published.

5.5 **Trustee diversity and inclusion survey**

TPR published the results of its first trustee diversity and inclusion survey on 19 March 2024. Conducted from July to August 2023, the survey garnered responses from 2,197 trustees and public service pension scheme board members.

The survey confirms that trustees / pension board members are less diverse than the overall population.

5.6 **Fire Pension Scheme Age Discrimination**

The WCC Payroll Team has worked on collecting data needed by West Yorkshire Pension Fund for the McCloud age discrimination remedy this quarter. This has included calculations in relation to scheme contributions for the remedy period, taking into account the need for tax relief and interest.

The Government issued a pause on the processing of Immediate Choice under the age discrimination remedy in February due to uncertainty around elements of the calculation. In late March the LGA issued a paper outlining three options open to Fire Authority's to process cases in scope for Immediate Choice retirements. The Scheme Manager for Warwickshire has chosen to implement option three which is to lift the pause and instruct administrators to

pay the arrears of pension/lump sum then put the pension right going forward but exclude interest on such arrears for the time being.

5.7 Fire Pension Scheme Temporary Promotions

In 2015 the new fire pension scheme regulations came into force. The regulations included a change around temporary promotions, which were no longer included in pensionable pay. Pension contributions (and therefore pension) should instead be calculated based on the substantive pay.

Warwickshire payroll have identified approx. 100 people who have had the pension contributions taken incorrectly on the temporary promotion instead of substantive pay at some point from 01/04/2015 onwards. The fire authority owes these members a return of the contributions they have paid in error.

After consultation with the LGA and the scheme manager, HR and Payroll are now beginning to refund the contributions owed to the affected members. Consideration has been given to how the age discrimination remedy may impact these members and this was communicated in May 2024.

Warwickshire HR and Payroll teams are liaising with West Yorkshire Pension Fund to ensure corrected data is provided for pension calculations for any affected members.

6. Timescales associated with the decision and next steps

None

Appendices

1. Appendix 1 Breaches Policy
2. Appendix 2 Communications Policy
3. Appendix 3 Anti-Fraud and Corruption Policy
4. Appendix 4 Pension Discretions Policy

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

Local Member(s): Not applicable.

Other members: Councillor Yousef Dahmash and Councillor Bill Gifford