

Staff and Pensions Committee

9 December 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 feeds back from the first stage of the review of Fund policies and practice compared to the new Pensions Regulator code of practice in the form of a compliance checklist, and a full report on the review being undertaken by AON will be brought to the March 2025 committee meeting.
- 1.3 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. Governance Review – compliance with TPR code of Practice

- 4.1 The Warwickshire Pension Fund has appointed Aon to conduct a full review of its governance arrangements. Part of the review is to check the Funds' compliance with the new TPR Code of Practice and produce a report (attached in Appendix 1) detailing where the Fund is fully compliant, where it is partially compliant and where it is not yet compliant. The Code is divided into sections titled Administration, Funding and Investment, The Governing Body, Reporting to TPR and Communications and Disclosure. A Summary of the results is in the table below:

4.2

Module	Green	Amber	Red
The Governing Body	102	35	6
Funding and Investment	36	1	0
Administration	80	6	2
Communications and Disclosure	32	0	1
Reporting to TPR	13	1	0

4.3 These results are the first stage of the review being undertaken by AON and present a check against the new code of practice. The full governance review will be presented at the March Staff and Pensions Committee meeting by AON and this will be informed by wider work being done by AON reviewing policies and surveys of Fund stakeholders. The initial compliance checker reports in terms of whether a Fund is fully compliant with each module, and so any non compliance results in a "not compliant" summary. We are advised that although there are a number of areas rated Amber and some Red the Fund is in a good position compared to other Funds and has been able to provide substantial evidence of policies already in place. A plan will be developed to prioritise and action areas of policy and practice using the feedback received from this report and from the subsequent full report provided by AON in March 2025. A total of 9 Red areas have been identified across 3 modules. These areas are summarised below:

- **Recruitment Policy for Local Pension Board members** – A Fund specific Policy is recommended to detail the Fund’s process for recruiting and appointing Local Pension Board members and Chairs. The Policy will include the Funds’ approach to succession planning, inclusivity, remuneration, prospective applicant conflicts of interest and the resignation and removal of members.
- **Conflicts of Interest** – The Fund will include the requirement for all advisers to provide their own respective Conflicts of Interest policy on appointment.
- **Own Risk Assessment (ORA)** – The Code suggests pension funds carry out an ORA for good practice. The code is not clear on what this assessment should entail and the Fund is seeking further clarification on this with Aon before revisiting this module.
- **Administration** – An amendment will be made to the existing communications to scheme members over 50 who request a transfer of their AVC fund to a Defined Contribution scheme reminding them to check the Pension Wise guidance and be aware of potential scams.
- **Policy for unavailable data** – The Fund will consider whether a Policy is required to explain how the Fund will proceed where required data is unavailable. An example would be where historic pay information was not available when checking historic calculations.

5. Warwickshire Pension Fund Policies

5.1 Two of the Fund's Policies have been reviewed this quarter.

These include:

Training Policy – The Funds' Training Policy was due to be on the agenda for the 9 December meeting. Following the completion of compliance check against the TPR Code of Practice exercise there are several recommendations for amendments to the Training Policy which will be implemented before the Training Policy is included in the reports for the next Staff and Pensions Committee meeting on 9 March 2025.

Admissions and Termination Policy - Hymans Robertson have been instructed to review and update our Admissions and Terminations Policy. A Draft policy has been sent to the fund for review.

This Policy was on the Forward Plan for the 9 December 2024 meeting but has now been delayed to keep the policy aligned with any changes made to the Funding Strategy Statement and the Fund's approach to cessation. The Admissions and Termination Policy will now be on the agenda for the meeting on 10 March 2025.

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

6.1 **LGPS Statistics for 2023/24** – The Ministry for housing, Communities and Local government (MHCLG) published the LGPS Statistics for England and Wales 2023/24 on 24 October 2024. A link to the statistics is [here](#). Highlights include:

- Total employer contribution payments of 10.5 billion (an increase of 24.6% from 2022/23)
- Total Employee contribution payments of 3 billion (an increase of 8.3% from 2022/23)
- 99,505 retirements (an increase of 6.3% on the number of retirements from 2022/23)
- Across all Funds total expenditure was 17.1 billion (an increase of 11.9%) and total income was 20.7 billion (an increase of 19.3%)

6.2 **September 2024 CPI rate announced** – The Office of National statistics announced the CPI rate of inflation for September 2024 as 1.7%. Government policy in recent years has been to base Pension Increases and Revaluation on the rate of CPI in September of the previous year but it has not yet been confirmed that this will apply for the 2025 increase and revaluation.

6.3 **Teachers Excess Service update** – LGPS Administering Authorities are currently in the process of gathering data from the employers of teachers in the Teachers' Pension Scheme who qualify for Teachers Excess Service in the LGPS. The excess service relates to the part time hours teachers worked

in addition to their full-time hours during the McCloud ruling remedy period.

- 64 **LGA Annual Conference** – The annual conference is taking place on 30 and 31 January 2025 at the Highcliff Marriott Hotel in Bournemouth. If you are interested in attending the conference, please contact alistairwickens@warwickshire.gov.uk.
- 65 **DWP Ministerial Statement on dashboards** – In October, the Department for Work and Pensions published a written statement on the Pensions Dashboards. The statement confirms the Government’s commitment to the existing timetable for connecting schemes to the ecosystem. The ‘connect by’ deadline for the LGPS is October 2025.
- 66 **Scheme Advisory Board investigation into further opinion on fiduciary duty**- The SAB is aware that a number of administering authorities have received letters alleging they are acting unlawfully by holding investments in companies which have been linked to the situation in the Middle East. SAB has sought leading counsel advice on behalf of the LGPS and the legal advice has been shared on the SAB website [here](#).
- 67 **Pensions Review** The Chancellor announced the Pension Investment Review’s interim report on 14 November 2024. This puts forward proposals to deliver significant changes to the UK pension system and seeks to unlock billions of pounds of new investment for the UK economy and boost returns for savers. A [consultation document](#) has also been published on measures to change the way the LGPS invests and how it is governed. The government’s “LGPS Fit for the Future” review and consultation are the subject of a specific agenda item to be considered by the Pension Fund Investment Sub Committee on the 9th December and this includes a proposed approach to formally approving a response to the consultation in January 2025.

7. Timescales associated with the decision and next steps

None.

Appendices

- Appendix 1 TPR General code of practice compliance report

	Name	Contact Information
Report Author	Alistair Wickens, Technical Specialist Pensions Fund Policy and Governance	alistairwickens@warwickshire.gov.uk
Director	Purnima Kandula, Director of Finance	purnimakandula@warwickshire.gov.uk

Executive Director	Rob Powell, Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Councillor Peter Butlin, Deputy Leader and Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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