

Staff and Pensions Committee

10 March 2025

Pension Fund Regulatory and Policy Update report

Recommendation

That the Staff and Pensions 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 Two of the Fund's policies have been reviewed this quarter, the Admissions and Terminations Policy and the Training Policy.
- 4.2 **Training Policy** – An interim review of the training policy has been completed following the Funds compliance check against the new Single Code of Practice. An induction training section has been recommended to make new members of the Committees and Local Pension Board aware of the online training sessions required to demonstrate compliance with the CIPFA Knowledge and Skills requirements. The training policy has also been updated to include the use of a new SharePoint site to share information securely with members of the Staff and Pensions committee, Pension Fund Investment Sub-Committee and Local Pension Board. The revised policy is attached in Appendix 1 with changes highlighted red.

4.3 **Admissions and Terminations Policy** – The policy has been updated to reflect the changes made to the cessation methodology in the Funding Strategy Statement. This includes the move to a risk-based cessation approach and the setting of an upper and lower likelihood of success to consider the amount of assets a ceasing contractor is required to leave in the fund. The revised policy is attached in Appendix 2 with changes highlighted as tracked changes.

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

5.1 **2025/26 employee contribution bands** - The member contribution bands have been updated and will come into effect on 1 April 2025. These are calculated by increasing the 2024/25 bands by the September 2024 CPI figure of 1.7%. The new rates are:

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £17,800	5.50%	2.75%
2	£17,801 to £28,000	5.80%	2.90%
3	£28,001 to £45,600	6.50%	3.25%
4	£45,601 to £57,700	6.80%	3.40%
5	£57,701 to £81,000	8.50%	4.25%
6	£81,001 to £114,800	9.90%	4.95%
7	£114,801 to £135,300	10.50%	5.25%
8	£135,301 to £203,000	11.40%	5.70%
9	£203,001 or more	12.50%	6.25%

5.2 **New Pensions Minister** – On 14 January 2025, Torsten Bell MP was appointed Parliamentary Under Secretary of State (Minister for Pensions) in the DWP replacing Emma Reynolds who has been appointed Economic Secretary to the Treasury.

5.3 **TPR publishes updated dashboards guidance** – In December 2024 the Pensions Regulator published updated dashboard guidance which can be found [here](#).

5.4 **Audit Consultation SAB response** – Following the publication of the Government's English Devolution White Paper on 16 December 2024 an [open consultation](#) was launched setting out proposals for overhauling the local audit system in England. The consultation set out a strategy which commits to a series of measures to improve the local audit system. Notably, paragraph 77 contained a proposal to decouple the pension fund accounts from the main accounts of administering authorities, which has been recommended by the Board for some time. The Scheme Advisory Board response is published [here](#).

- 5.5 **Scheme Advisory Board (SAB) annual review** – The SAB chair, Cllr Roger Phillips, published the Board's first [Annual review](#). The review is an overview of the work completed by the Board over the previous 12 months.
- 5.6 **Fit for the Future Consultation response** – Following the conclusion of the 2024 Fit for the Future consultation on LGPS reform, the [Scheme Advisory board and Local Government Pensions Committee](#) have published their respective responses. The Warwickshire Pension Fund submitted a response which was considered and approved by the Pension Fund Investment Sub Committee.
- 5.7 **Updated opinion on the fiduciary duty in the LGPS** - The Board has received Nigel Giffin KC's updated opinion on the fiduciary duty in LGPS and is entitled 'Local Government Pension Scheme: Investments and Non-Financial Considerations'. The opinion can be found on the [legal opinions](#) page of the SAB website. Key points include:
- That administering authorities do have a fiduciary duty to employers and to members.
 - Investment powers have to be exercised for investment purposes and not other purposes, however non financial considerations can be taken into account in investment decisions where they do not risk significant financial detriment to a Fund, and where they do not entail an administering authority preferring its own interests or taking a view that is not widely shared by scheme employers and members.
- 5.8 **Letter to Chief Financial Officers and pension committee chairs** – The Scheme Advisory Board chair has written a letter addressed to CFOs and pension committee chairs at administering authorities. The purpose of the letter is to ensure that administering authorities provide appropriate resources for effective pension service delivery. The letter is published on the [board's website](#). Elsewhere on the agenda, the Full Governance Review report assesses the Fund's compliance with appropriate governance standards and an action plan will be built around this, including having regard to resourcing of change activity. The Fund will keep under review resources to support Fund's activities to ensure they remain sufficient. This is important given the changing demands upon the fund, particularly its increasing size, increasing complexity, and the increasing expectations in respect of governance standards.

6. Timescales associated with the decision and next steps

- 6.1 None

Appendices

1. Appendix 1 – Training Policy
2. Appendix 2 – Admissions and Terminations Policy

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

Local Member(s): n/a

Other members: