



LGPS Pulse

September 2024

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Welcome...

... to the September edition of BW's LGPS Pulse, our monthly news round up.

The purpose of this note is to provide you with a summary of what has been going on in the LGPS community in the past month, and explain why it may be of interest to you.

Please do share it with other team members, Committee members and Board Members. The note is written to be shared with all stakeholders, so we hope you find it useful.

For more information on any topic please get in touch with your usual contact, or the team member mentioned in the relevant piece of news. An accessible version of this document is available on request.

Any feedback is welcome.



What LGPS news has happened this month?

Pensions Investment Review: Call for Evidence

The new UK Government has intensified its focus on pension reform this month with the [Pensions Investment Review: Call for Evidence](#). On 4 September, stakeholders were invited to respond by 25 September (so an incredibly tight turnaround) on a series of questions around the LGPS and the Defined Contribution market.

We issued a number of service communications and publications setting out our thoughts during this time but our final response to the Call for Evidence is available [here](#). Our response addressed:

- Reviewing the success of pooling in the LGPS.
- The case for government intervention to encourage the increase in investment budgets.
- The potential for a more consolidated LGPS to increase investment in UK growth assets.
- The factors behind changing patterns in investment in the UK.
- The case for incentives to raise the level of UK growth investment in LGPS portfolios.

Senior Pensions Consultant [Jeff Houston](#) and Head of LGPS Investment [David Moreton](#), have also set out more detail in their blog [here](#). They asked 12 challenging questions for the Pensions Review in an effort to promote positive engagement, including “*How can the LGPS and Government work better together?*” and “*Will consolidation guarantee the outcome government is really seeking?*”

As a firm, BW have also contributed to the Association of Consulting Actuaries response and the Society of Professional Pensions response. If you would like to discuss it further, please let your usual BW contact know.

The Local Government Pensions Committee (LGPC) also released a response to the call for evidence [here](#) as an appendix to their September 2024 bulletin.



Pre Valuation meetings

With the 31 March 2025 valuation date now only six months away, many LGPS funds (in England and Wales) have been having their pre valuation meetings with us. With this in mind, we have produced three flyers on:

- 1) Employer Covenant Analysis for the LGPS;
- 2) Pass Through Arrangements; and
- 3) Managing Risk Benefits.

Each of these is a topic that LGPS funds could consider ahead of the 2025 valuation date, if an arrangement isn't already in place. Therefore, if you haven't received a copy of the flyers, or would like to discuss anything further, please let your usual BW contact know.

Key take aways from LGC Investment and Pensions Summit

[Barry McKay](#), [Melanie Durrant](#) and [Gavin Paul](#) attended the LGC Investment and Pensions Summit in Birmingham on 11-12 September 2024. With the Call for Evidence published only a few days earlier, there was plenty to discuss. A poll was held right at the start of the conference around what delegates thought the LGPS might look like in five years' time in terms of number of pools and number of funds. It was clear that there was a lot of uncertainty, as well as a mix of views across the attendees.

Barry McKay spoke on "*Aligning the valuation, cashflow, and investment strategy*" and discussed the current position with regards to funding in the LGPS. Barry explained what issues have impacted on funding levels in the LGPS since the 2022 valuation including high inflation, increasing gilt yields and volatile investment performance. The views from the panel were united in that any surplus should be treated with care and that with the significant inflationary increases we have seen, focus should also be on cashflow.

Emma Reynolds (the current Minister for Pensions) gave a pre-recorded speech on the pensions reform. She outlined the [Terms of Reference](#) and touched upon the Call for Evidence but she didn't give too much away, other than what was already in the public domain. She said that the number one target of the new Government is economic growth and they are determined to make progress. She encouraged everyone to respond to the Call for Evidence.

We understand that there will be a report later in the autumn to report on the findings from the Call for Evidence, ahead of the introduction of the Pensions Schemes Bill (as announced in the King's Speech in July 2024).

On Day 2, some key LGPS figures from across the pools and the funds came together to explore the different pooling models and to explore consolidation of funds. One of the messages was acknowledging that the pooling models are different, but it is not about what is the "best" pool, it's about whether it can take the LGPS to the next stage by recognising that the profile of the LGPS continues to change.

The conference closed with a session by Teresa Clay (Ministry of Housing, Communities and Local Government) and Joanne Donnelly (Local Government Association) giving an update on the regulatory landscape. It was noted that the Scheme was in a position of strength and Teresa acknowledged how funds had continued to deliver in challenging circumstances. They detailed the engagement expected between the Government and the LGPS with meetings being arranged with pools, funds and committees. Participation was encouraged!

New Funding Strategy Statement guidance – update

A final draft of the new FSS guidance was circulated to the working group. Subject to last minute amends and review, the guidance will be sent to the Scheme Advisory Board's Compliance and Reporting Committee for approval, followed by CIPFA Public Management Board. The guidance is then due to be approved by the Scheme Advisory Board on 25 November 2024 with Ministerial approval anticipated before the end of the year. We will take this into consideration when drafting the next FSS as part of the triennial valuation.



New publications

SAB Note on Fiduciary Duty

The Scheme Advisory Board (SAB) have published a statement on Fiduciary Duty and dealing with lobbying, which can be found [here](#).

This statement contains discussion around LGPS administering authorities dealing with increasing levels, and sometimes extreme forms, of lobbying about how LGPS funds are invested. SAB makes clear its view on the flexibility that decision makers have to respond to lobbying; the standards of behaviour expected when discussing what can be emotionally charged issues, and where to go for support if those standards are not being met.

The statement has been written to be helpful to pension committees and boards, LGPS officers, advisers and members.

Annual LGPS Benefits Guide (Scotland)

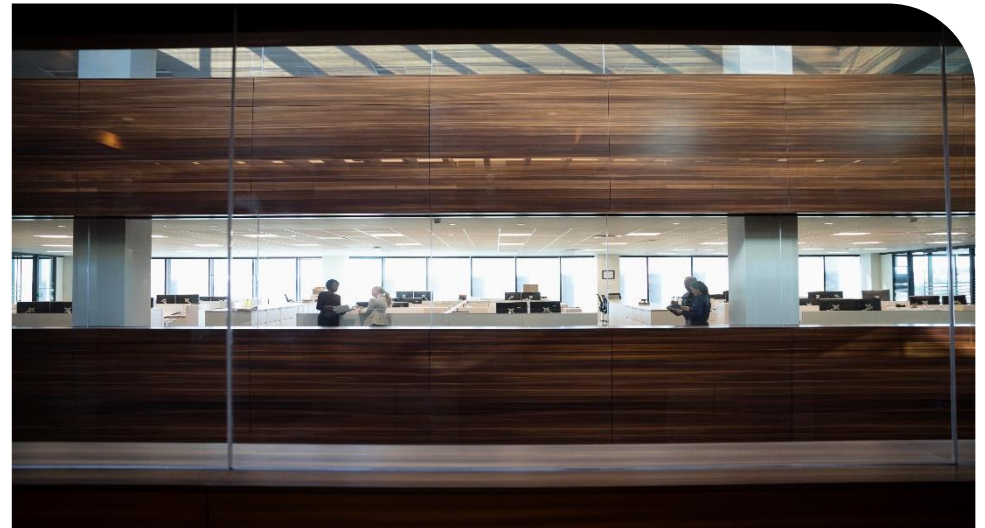
The LGPC working with the Communications Working Group (CWG) has published a new Annual Benefit Statements Technical Guide adapted for use by Scottish Funds. Its purpose is to assist administering authorities in producing annual benefit statements for active members of the LGPS.

The full guide can be found [here](#).

Latest LGPC Bulletin

As mentioned previously, LGPC have released Bulletin 255 for September 2024, which can be found in full [here](#).

This bulletin contains updates for all LGPS stakeholders. In addition to some of the topics we have mentioned in this issue of Pulse, it also covers current administration issues in LGPS England and Wales and gives updates on the draft regulations and updated guidance in LGPS Scotland.



What have the BW public sector team been up to this month?

The Pensions Regulator's General Code of Practice

The Regulator's General Code of Practice of practice has now been in force for six months. If LGPS funds have not yet taken steps to understand its requirements, they should be looking to do so as soon as possible. If you are unfamiliar with the General Code and how it relates to the LGPS, further detail can be found on our website [here](#).

We have considerable experience of the General Code having now undertaken a review of many LGPS fund's policies and documentation to check compliance using our "reverse gap analysis" tool. We are pleased to note that funds are close to complying with the bulk of the Code's expectations, although none have been fully compliant. Each fund therefore has work to do. In our analysis, we identify gaps, advise funds on what they need to do to achieve compliance and help funds plan ongoing review of policies to ensure compliance is maintained in future.

We would be delighted to help you with your analysis or answer any questions you might have on the General Code. In addition, if you have undertaken your own analysis and need an independent review to verify your analysis, we can also help you with that. If you would like assistance, please contact [Gavin Paul](#) and he will arrange a time to speak with you.

LAPF Investment Awards 2024

BW were shortlisted for the "LGPS Service Provider of the Year" category. Although we didn't win this time, we are delighted for our clients and LGPS friends who won awards that evening.

Congratulations to everyone that won or was nominated.

July/August Accounting

The July and August accounting exercises for 2024 are well under way. Each LGPS fund should have received a copy of the pre and post 31 July accounting briefing notes, as well as both pre and post 31 August accounting briefing note. This note is to be distributed to employers and their auditors.

The most recent 31 August 2024 briefing note includes information on asset ceilings and updating mortality assumptions to use the CMI 2023 core model.

If you didn't get a copy of the note and would like one, please let your usual BW contact know.

BW public sector team news

We would like to welcome three new graduates to the team: George Nolan, Lucy Martin and Hamzah Kapadia.

What is coming up this month?

We will have Rachel Reeve's first Budget on 30 October and we will report back to you on key announcements which could impact on the LGPS.

The next Cost Management, Benefit Design and Administration Committee meeting will take place on 28 October. [Melanie Durrant](#) will feed back anything that funds should be aware of.

Future Events

PLSA annual conference – drinks

We are hosting drinks at the [PLSA annual conference](#) in Liverpool on the evening of 16 October. Please [contact Jeff Houston](#) to reserve your place and he hopes to see you there.

LGC Investment Awards, London

Several Funds have been nominated for awards (full list [here](#)), with the ceremony to take place at The Waldorf Hilton on 29 November. We've been shortlisted for Consultant/Actuary of the year. We hope to see you there!

Burns Night Conference 2025 – 23 January 2025

Our famous Burns Night Conference will be taking place on 23 January 2025. We will cover hot topics in the LGPS and will be joined by the LGA.

Please register [here](#).





<https://www.barnett-waddingham.co.uk/comment-insight/public-sector/>

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