



LGPS Pulse

August 2024

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Welcome...

... to the August 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?

Section 13 report published

The Government Actuary's Department (GAD) released their review of the LGPS 2022 valuations under section 13 of the Public Service Pensions Act 2013, which can be found [here](#). The purpose of the Section 13 review is for GAD to report on whether the following aims are achieved for LGPS funds in England and Wales: Compliance, consistency, solvency and long term cost efficiency.

The key takeaways from the report are that the scheme appears to be in a strong financial position with funding positions improving (on average) and total contributions reducing (on average). Only a small number of flags were raised where GAD investigated a Fund in more detail.

The final report includes the following three recommendations for the LGPS Scheme Advisory Board:

“Recommendation 1: We recommend that the Scheme Advisory Board consider whether greater consistency could and should be achieved to allow easier comparison between funds and better understanding of risks.”

“Recommendation 2: We recommend that the Scheme Advisory Board continue to consider emerging issues and, where appropriate, whether guidance would be helpful to support greater consistency.

As part of greater consistency on climate risk, we recommend that work continues to refine the climate change principles document in advance of the 2025 fund valuations.”

“Recommendation 3: We recommend that the Scheme Advisory Board consider the following:

- Where funds are in surplus, whether additional guidance can be provided to support funds in balancing different considerations.
- Where deficits exist, how can all funds ensure that the deficit recovery plan can be demonstrated to be a continuation of the previous plan.
- Whether additional guidance is required in relation to the treatment of asset transfers from local authorities.”

We will consider the results as part of the 2025 valuation and engage with GAD as appropriate. We know there will be a continued focus on climate risk as part of the 2025 valuation and will provide more detail as we have it.

If you would like your Fund specific results summarised in a user friendly report, please speak to your usual Barnett Waddingham contact.

Pensions Review

Following on from the Chancellor's meeting with the pensions great and good on 22 July 2024, an [HMT press release](#) and a briefing, resulting in [stories](#) of the Chancellor seeking a Canadian style model of pension schemes in the UK, we now have the [Terms of Reference](#) for the Pensions Review. The Terms of Reference make specific reference to the LGPS and the new Government are looking at: *"Improving the affordability and sustainability of the Local Government Pension Scheme in the interest of members, employers and local taxpayers."*

[Jeff Houston](#) circulated a note detailing the potential impact on the LGPS.

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

Virgin Media vs NTL Trustees

Following the Court of Appeal's 25th July ruling on the Virgin Media vs NTL Trustees case, [Garry Smith](#) circulated a note discussing what this could mean for the LGPS.

Put simply, the case is around missing actuarial certificates which resulted in an amendment to a scheme's rules being invalid and therefore historic benefits will need to be amended.

At this stage it is unknown if the LGPS will be affected but GAD and HMT are currently investigating this. The main short term impact will be employers including some narrative in their accounting disclosures as required by their auditors.

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

For further information, our original blog by [Mark Tinsley](#) can be found [here](#). Please note, the focus is on the potential impact on private sector schemes.

New publications

LGPS policy: is it about more than just the numbers?

The 2024 General Election has come and gone, and we have a new government in place. So what, if anything has changed so far for pensions, and in particular for the Local Government Pension Scheme (LGPS)?

[Melanie Durrant](#) and [Jeff Houston](#) explore some of those changes as well as covering what others we might still expect to see [here](#).

The changing role of investment consultancy for the LGPS

In [this](#) blog, [David Moreton](#) discusses the changing role of investment consultancy for the LGPS and how it might look different post April 2025 (the deadline for pooling assets).



LGPC Bulletin 254

The Local Government Association (LGA) have published Bulletin 254 (August 2024) [here](#). The bulletin includes important updates on how the McCloud issue around teachers with excess service is progressing, how to record extra payments due to the underpin in the GAD transaction data, improvements to tools on the LGPS member websites, dashboard guidance and template slides for Pension Awareness Week which can be used in member presentations.

LGPS Pensions Dashboards Connection Guide

The LGA published version 1.0 of the LGPS Pensions Dashboards Connection Guide & Version 1.0 of the AVCs and Pensions Dashboards Administrator Guide, both of which can be found [here](#). Both guides are specifically tailored to the LGPS.

The LGPS Pensions Dashboard Connection Guide is to help administering authorities identify the steps needed to connect to the pensions dashboards ecosystem. It provides a synopsis of each topic with hyperlinks to where the detailed information can be found online.

The aim of the AVC guide is to establish common approaches on the preparation and provision of AVC data to the pensions dashboards ecosystem.



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

Training

We recently circulated a flyer from [Gavin Paul](#) on LGPS training services on offer from Barnett Waddingham. As well as general governance, employer, and actuarial training, this training also covers the most recent update to the Pensions Regulator's General Code of Practice. This is a great opportunity for LGPS funds to take stock of how their governance processes match up with the Regulator's expectations.

If you didn't get a copy of the flyer, or would like to discuss it further, please let your usual BW contact know.

SAB Gender Pensions Gap (GPG) Working Group

Since the formation of a new government, there has been very positive interest in the Gender Pensions Gap project.

There has also been interest from LGPS employers to undertake further research into GPG, with meetings held to establish the scope of this research, and how best to proceed. Jo Donnelly (Scheme Advisory Board Secretary) is having discussions to join the Pensions Equity Group, as a representative for the LGPS, which will be a positive step to exchange information on their GPG work and industry wide initiatives. All four actuarial firms who work with LGPS funds met with representatives from the Scheme Advisory Board to discuss GPG reporting.

[Chris Morton](#) will be attending the next SAB Gender Pensions Gap Working Group and we will feedback any further updates. BW can support in Gender Pensions Gap analysis. For more information please get in touch with your usual BW contact.

LGC Investment Awards

We are also delighted to announce that Barnett Waddingham have been nominated for the Consultant/Actuary of the Year award at the LGC Investment Awards to be held on 29 November 2024. The full Shortlist can be found [here](#).

Congratulations to all our funds who were also shortlisted.

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 a pre-31 August accounting briefing note.

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

In addition to this, the most recent briefing note was accompanied by an additional note on asset ceiling considerations for academies.

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

BW Client survey 2024

Thanks to all of you who filled in our client survey last month. We are delighted with the results with you giving us an average rating of 9.4/10 for the quality of our service. We are working through the results and will be in touch with individuals funds to follow up as appropriate.



BW public sector team news

Kelly Steele recently celebrated her 30th birthday on holiday, along with a surprise engagement. Congratulations Kelly!



Future Events

LGC Investment & Pensions Summit, Birmingham

[Barry McKay](#), [Gavin Paul](#) and [Melanie Durrant](#) will be attending the LGC Investment & Pensions Summit in Birmingham from 11-13 September. Barry will be taking part in a panel titled 'Aligning the valuation, cashflow, and investment strategy' on 12 September.

We hope to see you there!

DB Strategic Investment Forum, Loch Lomond

[Jeff Houston](#) and [Pete Smith](#) will be attending the DB Strategic Investment Forum at Cameron House, Loch Lomond from 17-18 September. Jeff will be acting as Devil's Advocate for the morning sessions on Wednesday, while Pete will be a participating in a panel on 'integrating natural capital into UK pension funds'.

Mallowstreet LGPS Congress 2024

David Moreton will be attending on 23-25 September.

Burns Night Conference 2025 – Save the date!

Our famous Burns Night Conference will be taking place on 23 January 2025. More information to follow but please save the date!



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

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The information in this report is based on our understanding of current taxation law, proposed legislation and HM Revenue & Customs practice, which may be subject to future variation.