

APPENDIX 1

Organisation	Subject	Link	Status	Comments	Risk
HM Treasury	GMP Indexation in public service pension schemes	https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes	Updated	<p>Following the Government's consultation on how to address the implications of State Pension reforms for Guaranteed Minimum Pensions (GMP) of public servants below State Pension age, on 22 January 2018 the Government decided to extent the temporary arrangements which initially came into force for the period 2016 to 2018. The temporary arrangements effectively mean that for pensioners who reach state pension age between 6 April 2016 and 5 April 2021, any GMP element of the member's pensions receive the same pension increase amounts as the non-GMP element of a member's pension. The Government has extended the temporary arrangement as it has still not decided what to do in the long-term in this area.</p> <p><u>Note:</u> HM Treasury has confirmed that the recent High Court judgement raised by Lloyds does not affect the LGPS</p>	
	Reforms to public sector exit payments: response to the consultation	https://services.parliament.uk/bills/2017-19/publicsectorexitpaymentslimitation.html	Updated	<p>The Bill was presented to Parliament on Tuesday 5 September 2017 and there was no debate and the second reading has been repeatedly delayed since. The latest scheduled date is 25 January 2019. It is a Private Member's Bill, which are often not printed until close to the second reading debate and hence no text is still available.</p>	
	Quadrennial valuations & Cost Caps		New	<p>In a Written Ministerial Statement on the 6th September 2018, the Chief Secretary to the Treasury, Elizabeth Truss, announced details of the quadrennial (notional) valuation of the public service pension schemes, including the Local Government Pension Scheme in England and Wales. A transcript of the announcement can be found here. In the LGPS, there is a two-stage process in place which could mean that as a result of the quadrennial valuation, the Scheme design changes. It is also recommended that the cost cap valuation cycle (not the normal scheme valuation) should be moved from a triennial to quadrennial cycle. This is not likely to have any impact on the normal valuation cycle.</p>	
CIPFA	Preparing the Annual Report: Guidance for LGPS Funds	https://www.cipfa.org/policy-and-guidance/consultation/lgps-%e2%80%93-preparing-the-annual-	New	<p>CIPFA has released a consultation on proposed changes to the Annual Report to reflect changes to the operation of the Scheme since the last publication in 2014 (e.g. asset pools, legislation etc). The new guidance is considered statutory by MHCLG includes new additions such as standardised KPIs and cost figures which appears to partially replace the purpose of the voluntary CIPFA benchmarking exercise.</p>	

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		report,-c-,-guidance-for-lgps-funds		The consultation closes on 7 December 2018.	
The Pension Regulator (tPR)	Miscellaneous		New	<p>There is increased communications from the Pension Regulator in checking that Funds are meeting their duties. This has come in the form of:</p> <ul style="list-style-type: none"> • An enhanced annual written survey; • A phone survey; • The first submission of common and conditional data scores as part of the Scheme Returns • Checking that Funds had submitted Benefit Statements and if they need to report themselves to tPR; and • Stressing that the tPR expects to see improvements in data quality over time. 	
HM Revenues & Customs	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union decision in PPG	https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision	No change since the last meeting	Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to at least 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice.	
MHCLG	Guidance on Preparing and Maintaining an Investment Strategy Statement' (ISS)	https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement	No change since the last meeting	<p>Following the High Court ruling on 23rd June 2017 that elements of the Governments Statutory Guidance on preparing and maintaining an Investment Strategy Statement was unlawful the Government subsequently published updated guidance removing the offending clauses - that funds should not pursue policies that are contrary to UK foreign policy or UK defence policy.</p> <p>The Government has been given leave to appeal the High Court decision, so further updates will be given once the outcome of any appeal is known.</p>	

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The Department of Work and Pensions (DWP)	Pension dashboard project	https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/	Updated	<p>DWP is leading this project and the intention was to 'go live' during 2019 and has stated that it will consult on the project 'later in 2018'.</p> <p>After some speculation that the Government was having doubts about the project, it was confirmed in the Autumn Budget 2018 that the Government was committed to deliver the project and had assigned £5m to help its implementation.</p>	
Scheme Advisory Board (SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	No change since the last meeting	<p>SAB commission PwC to produce a report on "Options for Academies in the LGPS" commissioned and the report was published in May 2017. The report identified and highlighted problems/issues experienced by stakeholders. No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted. The proposals were wide ranging from minor alterations to academies being grouped together in a single LGPS Fund.</p> <p>SAB's work is still on-going and Bob Holloway from the LGA previously stated that a wide range of options in both work streams are still be considered. For example, changing the administration arrangements or putting academies into their own Fund etc. However, a consultation will be released on any changes proposed before they are put into force.</p>	
	Cost cap mechanism		New	<p>As part of the introduction of the new public service pensions in 2014/2015, a notional cost control mechanism was put in place to make sure that Schemes such as the LGPS remained within notional upper and lower cost threshold. Following the most recent review of this, the LGPS was found the breach the lower threshold which should, in theory, mean that Scheme changes should be made to bring it back up. One option for doing this could be changes to the employee contributions bands (reducing the income from employees). SAB is correctly considering what changes to propose with a target implementation date of April 2018.</p> <p>At the same time, all parties involved acknowledge that the mechanism is arguably flawed and it possible that a review may be undertaken in the future.</p>	
	Investment fees - Code of Transparency	http://www.lgpsboard.org/index.php/structure-reform/cost-transparency	No change since the last meeting	<p>The move toward investment fee transparency and consistency is seen by the Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory</p>	

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				<p>annual report and accounts and included in the government's criteria for pooling investments.</p> <p>To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis SAB has published its Code of Transparency in May 2017. The Code is voluntary and asset managers who sign up will demonstrate their commitment to transparent reporting of costs. SAB will procure a third party to monitor compliance of those who sign up.</p>	
	Tier 3 employers review	http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid	Updated	<p>Covers those Fund employers with no tax raising powers or guarantee (excludes academies). SAB is keen to identify the issues and risks related to these employers' participation in the LGPS and to see if any improvements/changes can be made. There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps.</p> <p>Aon Hewitt has recently produced a detailed report which is available on the SAB website which outlines its finding on the identification of issues but the report doesn't make any specific recommendations. SAB is yet to advise what actions it will take following receipt of the report.</p>	
	Separation Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	<p>The objective of the Separation Project is to identify both the issues deriving from the current scheme administrative arrangements and the potential benefits of further increasing the level of separation between host authority and the scheme manager role.</p> <p>KPMG produced a report in 2015 which outlined options ranging from removing the potential conflicts of interest for the S151 role to complete separation (i.e. each Fund would become a standalone company).</p> <p>On 21 August 2018, the SAB restarted the project and put out a 'proposal for assistance' from an appropriate bidder to take the project forward. The deadline for bid submissions has since closed but the</p> <p>The Head of Pensions Administration and Relations attended a conference on 19 September 2018 (hosted by Hymans-Robertson) which further discussed the project. Attendees generally favoured some greater degree of separation although most Funds' represented felt that conflict of interests amongst officers and committee/board members were sufficiently well managed.</p>	

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	Guidance Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No Change	<p>The Guidance project will identify regulations which may be better sited within statutory guidance and to both propose the necessary amendments and assist HMCLG with the drafting of guidance.</p> <p>This project is at an early stage and no further information is available at this time.</p>	
	Data Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No Change	<p>The SAB describes this project as: The Data project will aim to assist administering authorities in meeting the Pension Regulators requirements for monitoring and improving data and include the identification of scheme specific conditional data and the production of guidance for authorities and employers.</p> <p>No further information is currently available from the SAB. However, the SAB did consult on a common set of data points for the part of the project relating to scheme specific conditional data over the last couple of months before deciding to postpone implementation until 2019, in time for the 2019 tPR Scheme Return.</p>	