

## Scheme, legal, regulatory and Fund update

Organisation	Subject	Link	Status	Comments	Risk Ref
HM Treasury	Reforms to public sector exit payments.	<a href="https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector">https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector</a>  <a href="#">Hymans summary</a>	Updated	<p>The Restrictions on Public Sector Exit Payment Regulations came into force from 4 November 2020 which has left the Fund in a position of operating under conflicting legislation for scenarios whereby the total 'costs' exceed £95k. At the moment, the Fund is trying to stockpile or encourage employers to delay taking action until the situation is clearer. Fortunately, most redundancy cases at present are falling under the cap.</p> <p>Officers are also exploring early adopting the new calculation factors which will likely reduce the numbers exceeding the cap still further.</p>	PEN021
MHCLG	Fair Deal Consultation	<a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection">https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection</a>	No change since the last meeting	<p>No movement for some time on this.</p> <p>Officers have responded to the consultation but have yet to hear anything further from MHCLG. The next step is likely to be either another consultation or the introduction of legislation. Due to the Parliamentary backlog, further progress may not be seen until 2021.</p>	PEN040
	<i>Changes to the Local Valuation Cycle and the Management of Employer risk Consultation</i>	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LGPS_valuation_cycle_reform_consultation.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LGPS_valuation_cycle_reform_consultation.pdf</a>	Updated	<p><b>Scope:</b></p> <p>1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle.</p> <p>2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles.</p> <p><b>3). Proposals for flexibility on exit payments.</b></p> <p><b>4). Proposals for further policy changes to exit credits</b></p> <p>5). Proposals for policy changes to employers required to offer LGPS Membership (allowing further education, sixth form colleges to close entry to new employees)</p> <p><b>Reform progress:</b></p> <p>The Government has introduced legislation in relation to items 3 and 4. The changes resulting from item 4 are already embedded in the Fund's cessation policy and the changes from item 3 are covered in a paper revising the Fund's cessation policy in the December 2020 committee pack.</p>	PEN044

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The Department of Work and Pensions (DWP)	Pension dashboard project	<a href="https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/">https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/</a>	No change since the last meeting	Discussions are still going on at a national level. Recent discussion suggests an implementation timeframe of mid 2020s	PEN038
Financial Reporting Council	Proposed revision to the UK Stewardship Code	<a href="https://www.frc.org.uk/investors/uk-stewardship-code">https://www.frc.org.uk/investors/uk-stewardship-code</a>	No change since the last meeting	<p>The Financial Reporting Council (FRC) published the revised Stewardship Code on <b>24<sup>th</sup> October 2019</b> which sets substantially higher expectations for investor stewardship policy and practice.</p> <p>Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC, but 31 March 2021.</p>	None
Scheme Advisory Board (SAB)	Academies' review	<a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a>	No change since the last meeting	<p>SAB commissioned PwC to produce a report on "Options for Academies in the LGPS" 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>	None
	Cost cap mechanism & McCloud case	<a href="#">Summary by Hymans Robertson following release of the consultation (ADD LINK)</a>	Updated	<p>The McCloud consultation has now closed and officers await to see the final outcome.</p> <p>As part of the i-Connect, officers continue to update part-time hours histories for active staff. For other categories, there is little work officers can do until the final remedy is released and the administration software is updated.</p>	PEN042

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	Goodwin Case		No change	In a similar vein to the McCloud case, a new case is now on the horizon called the <b>Goodwin</b> case. It is another discrimination case affecting public service schemes including the LGPS, this time on the grounds of sexual orientation. Again, although the funding costs are small, this will be a further administration and communication burden to address. It is still early stages in terms of the nature of the subsequent reform which will be required so officers are unable to assess the impact at present until further details emerge.	PEN056
	Tier 3 employers review	<a href="http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid">http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid</a>	No change since the last meeting	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. In 2019, Aon Hewitt 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.	None
	Good Governance Project (formerly known as the Separation Project)	<a href="http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf">http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf</a>	No change since the last meeting	Hymans-Robertson, on behalf of the SAB, has released its report on phase II which outlines a number of specific recommendations.  Hymans Robertson and SAB are now moving towards Phase III of the project. In preparation of this, a series of roundtable discussions took place where there is an opportunity to give feedback to the Phase II proposals.  Again, due to legislative delays caused by COVID-19, we understand the timeframes for this project have been postponed.	None

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	Guidance Project	<a href="http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf">http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf</a>	No change since the last meeting	<p>The Guidance project will identify regulations which may be better placed 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>	PEN039
	Data Project	<a href="http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf">http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf</a>	No change since the last meeting	<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>	None

**Note:** Wiltshire Pension Fund updates are now shown in a separate table.