

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
20 October 2016

SCHEME FUND, REGULATORY & FUND UPDATE

Purpose of the Report

1. The purpose of this report is to highlight the legal, regulatory and Fund updates since the last meeting of the Local Pension Board in July.

Background

2. It has been a very busy period for pension administration as outlined by the various scheme and regulatory updates outlined in the attached table (see Appendix 1):
3. The Head of Pensions will provide a verbal update on these changes at this meeting for discussion with the Board.
4. The outcome of the Publishing Scheme Information checklist is shown in Appendix 2.

Considerations for the Board

5. To note the discussions in relation to the latest scheme and regulatory updates as listed in the table above.

Environmental Impact of the Proposal

6. There is no known environmental impact of this proposal.

Safeguarding Considerations/Public Health Implications/Equalities Impact

7. There are no known implications at this time.

Financial Considerations & Risk Assessment

8. There is no financial consideration resulting from this proposal.

Proposals

9. The Board is asked to note the changes highlighted within this report.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report: NONE

APPENDIX 1

Organisation	Subject	Link	Comments
HM Treasury	Reforms to public sector exit payments: response to the consultation	https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments	Introduction of new regulations for exit payments appear to have been further delayed. It was originally anticipated that the £95k cap would be brought in from October 2016. It's expected to be introduced early next year. In addition, the recovery of exit payments for high earners who are re-employed was expected to be introduced from April 2016, but that was delayed and the final legislation is now expected later this year. The Government has also responded to the consultation on reforming exit payments across the public sector. This confirms that reforms will go ahead, including limits on employer funded early access to pension benefits (e.g. redundancy and business efficiency retirements in the LGPS). DCLG will now consider how the LGPS regulations need to be amended to deliver the policy intention.
	Actual valuation and Cost cap mechanism	http://www.lgpsboard.org/images/Guidance/pspav.pdf	The review the cost cap mechanism that was implemented as part of the national reforms of Public Sector Pensions.
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/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision	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 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice.
DCLG	LGPS Regulations: Best Value & Fair Deal consultation	https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations	This consultation reviews the approach for Best Value and Fair Deal for the transfer of staff.
	LGPS investment regulations	http://www.legislation.gov.uk/uksi/2016/946/contents/made	These regulations were laid before parliament on 23rd September and come into force from 1st November 2016. They

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			remove many of the investment restrictions imposed on LGPS funds, introduce a prudential framework for investment decision making, introduce a Power of Direction for the Secretary of State to intervene in the investment function of an Administering Authority if deemed necessary, and require all funds to publish a new Investment Strategy Statement by 1st April 2017.
	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	<p>The ISS replaces the Statement of Investment Principles and DCLG has also published their 'Guidance on Preparing and Maintaining an Investment Strategy Statement' to assist funds. This was issued on the 15th of September. Many aspects of the new ISS are similar to the SIP, although there are a few notable additions:</p> <p>The need for Administering Authorities to take proper advice (in numerous areas, although 'proper advice' does not seem to be clearly defined anywhere)</p> <p>The need to state the Authority's approach to pooling investments, including the use of collective investment vehicles and shared services</p> <p>The submission of an annual report on the progress of asset transfers to the Scheme Advisory Board, and</p> <p>A strengthened section on the exercise of rights (including voting rights) attaching to investments.</p> <p>This latter part of the guidance states that Administering Authorities should become signatories to the Stewardship Code and state how they implement the seven principles and guidance of the Code on a "comply or explain" basis.</p>
	Response to Investment Regulations consultations	https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme	Outlines the Government response to the investment regulations consultation.
The Pension Regulator (TPR)	Public Sector pensions website update	http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx	The Regulator has recently made some updates to the public service toolkit. The toolkit which provides a foundation to effective scheme governance and administration has been updated and additional guides and checklist have been published.

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	Publishing Scheme Information	http://www.thepensionsregulator.gov.uk/public-service-schemes/publishing-scheme-information.aspx	TPR emailed around its public sector contacts on Wednesday this week, calling on public service schemes to check information about their pension board is published to avoid failing their governance duties. Under legislation, scheme managers are required to publish and keep up-to-date information about the board's members, its representation, and what matters it is responsible for. They should also publish details such as the board's terms of reference and appointment process. This rule is designed to help members easily identify which individuals are involved in their scheme's governance. The outcome of Wiltshire Pension's Fund review is shown in the appendix.
Government Actuaries Department (GAD)	Section 13 Dry Run Report Section 13 Report appendices showing WPF results	http://www.lgpsboard.org/images/Reports/Section13DryRun20160711.pdf http://www.lgpsboard.org/images/Reports/Section13DryRunAppendices20160711.pdf	The Government Actuary's Department (GAD) have completed a "dry run" section 13 analysis based on the 2013 local valuations. This analysis assesses whether the four main aims; compliance, consistency, solvency and long term cost effectiveness; have been achieved.
	Managing risks in the public service pension schemes	https://www.gov.uk/government/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms	GAD has published a document outlining its thoughts on a report published in June from the National Audit Office on the Government's public sector pension liability. The document sets out some ideas on appraising long-term risks for public sector pension schemes.
Scheme Advisory Board (SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	SAB in support of its work plan for 2016/17, invited proposals from interested parties to assist it in developing options with regard to the plan to convert all schools to academies and what this would mean for LGPS pension funds and their host authorities. This outcome of this initial work will be considered by the SAB prior to it potentially making recommendations to the Secretary of State.
	Investment fees - Code of Transparency	http://www.lgpsboard.org/index.php/structure-reform/cost-transparency	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

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			<p>issued for inclusion in the statutory 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 the Board is working to develop a voluntary Code of Transparency for LGPS asset managers</p>
	Committees – membership & remit	http://www.lgpsboard.org/index.php/sub-comms/membership-remit	The new Committee and sub-Committee have been announced. David Anthony (Head of Pensions) will sit on the Investment, Governance & Engagement committee and is a substitute for the Cost Management & Scheme Design Committee as a practitioner representative.
CIPFA	Investment pooling guidance	http://www.cipfa.org/policy-and-guidance/publications//investment-pooling-governance-principles-for-lgps-administering-authorities-online	Guidance for Funds to consider when setting up pooling of investments.
	Funding Strategy Statement Guidance	http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition	This guidance has now been published and it helps authorities to review and update their FSS to take account of this new guidance and associated regulatory changes.
Wiltshire Pension Fund	Update on Insurance Indemnity Issue		

TPR's Checklist - Publishing Scheme Information

Local Pension Board

Communication and Publishing Local Pension Board Information

Review:	12-Sep-16
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Publishing	Yes	No	Comments
who the pension board members are	√		Published on the website
representation on the pension board	√		Published on the website
matters for which the pension board is responsible	√		Published on the website
the pension board's terms of reference	√		A link on the website
the pension board appointment process	√		This was published on the website. Full details can be found in the Terms of reference.
who each pension board member represents	√		Member biographies are published on the website
employment and job title (where relevant and any other relevant position held by each board member	√		Published under the member biographies
any specific roles and responsibilities of individual pension board members	√		Published on the website
Communication to members	Yes	No	Comments
maintaining information on a website that members can access	√		Page dedicated to the local pension board kept up to date on the website
displaying the information in notices at employers offices	√		Information is published in the Electric Wire which employers make available to employees in the
including information in regular communication to members	√		Information sent to home addresses in annual newsletters
LPB information available to scheme members	√		Page dedicated to the LPB available to scheme members on the website
Contact name provided	√		Contact names available on the website
details on how the information is made available	√		This information is made available in the Terms of Reference