

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Powys Pension Board  
14<sup>th</sup> February 2022**

**REPORT BY: Board Secretary**

**SUBJECT: New Legislation and Guidance Update**

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**REPORT FOR: Information**

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**1. Summary**

Since the last Pension Board meeting, the LGA have published Bulletins 217, 218 and 219, which contain important updates for administering authorities and scheme employers. It also provides a general update for all LGPS stakeholders.

This report provides the Board with an update on any new legislative changes and guidance that has been issued recently, including the above.

**2. LGPS England & Wales Scheme Advisory Board (SAB)**

**2.1 LGPS Pool Scheme member representation**

On 17 December 2021, the SAB expressed its disappointment that the ACCESS LGPS pool had not yet been seen to have adopted the SAB's policy on including scheme member representation within its governance arrangements. The published statement was later amended to reflect that ACCESS had complied with the policy by explaining their reasoning behind their decision. However, the SAB continues to encourage LGPS pools to include member representation within governance arrangements.

The Wales Pension Partnership Joint Governance Committee have previously agreed to appoint a scheme member representative from one of the Pension Boards within Wales and the appointment process is in its latter stages.

**3. LGPS Updates**

**3.1 Section 13 report**

In December the Department for Levelling Up, Housing and Communities (DLUHC) published the Government Actuary's Department (GAD) [report on the 2019 valuation](#). This report is a requirement set out by section 13 of the Public Service Pensions Act 2013.

The main findings can be summarised as follows:

- Compliance – the valuations were compliant with the regulations
- Consistency - funds implemented GAD's 2016 recommendation to provide a standard dashboard to aid readers when comparing of results for different funds. However, differences in actuarial methodology and assumptions do mean that a like for like comparison is not straightforward.
- Solvency - the size of pension funds has grown considerably more than local authority budgets since 2016, so there's an increased risk of strain on employers from any future funding changes
- Long-term cost efficiency - where relevant, funds had generally acted on GAD's 2016 recommendations on operating plans to close any deficit funding gaps. GAD highlighted four funds where they have concerns around the potential trajectory of employer contributions and the implications for taxpayers.

GAD's recommendations for funds or the SAB consider during the local valuations in 2022, include:

- improve consistency in the approach to assessing emerging and existing key issues, such as recent legal judgements and setting employer contributions for new academies
- ensuring deficit recovery plans can be demonstrated to be a continuation of the previous plan
- continue with ongoing improvements on transparency through an expanded valuation dashboard
- review the governance around asset transfer arrangements from local authorities.

The report also raises "flags" where it is identified that a fund sits outside certain tolerances, which may require action. The Powys Pension Fund received no flags.

### **3.2 2022/23 employee contribution bands**

The following table shows the employee contribution bands which are effective from 1 April 2022. These are calculated by increasing the 2021/22 employee contribution bands by the September 2021 CPI figure of 3.1 per cent and then rounding down the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 or more	12.50%	6.25%

### 3.3 Salary Sacrifice AVC Arrangements

The Local Government Association have published a [guidance note](#) to help administering authorities and employers through the process of setting up the above, which are becoming an increasingly popular employee benefit with employers.

### 3.4 “Nudge” Consultation

The Department for Work and Pensions (DWP) responded to the consultation ‘Stronger Nudge to pensions guidance’ on 17 January 2022. On the same day, the DWP laid before Parliament [the Occupational and Personal Pension Schemes \(Disclosure of Information\) \(Requirements to Refer Members to Guidance etc\) \(Amendment\) Regulations 2022](#). The regulations come into force on 1 June 2022 and apply to England, Scotland and Wales.

The regulations will require administrators of occupational pension schemes, including the LGPS, to give to their members, in certain cases, a stronger nudge to Pension Wise guidance.

Administering authorities will need to give the stronger nudge where it receives an application, or a communication in relation to an application, from a member to start receiving their additional voluntary contributions (AVCs) on or after 1 June 2022. The regulations also apply to applications from members aged 50 or over to transfer out their AVCs.

This means that administering authorities, as part of the process, must:

- offer to book a Pension Wise appointment on behalf of the member
- where the member accepts, take reasonable steps to book the appointment

- where the member does not accept the offer, or where the authority is unable to book the appointment despite having taken reasonable steps, give details to the member of how to book an appointment themselves
- explain to the member that the authority cannot proceed with the application unless the member has attended the appointment and confirmed this to the authority, or has opted out of attending an appointment, and
- explain to the member that they can only opt out in respect of the application by giving (either verbally or in writing) a notification to the administering authority. The member may only give the notification in a separate communication made solely for that purpose (such as a separate phone call, or separate digital / postal form).

Administering authorities must keep a record of whether, in respect of an application, the member attended a Pension Wise appointment or opted out of attending one. The authority will also need to keep other records where the member was allowed to opt out in a communication which was not for that sole purpose.

The Pensions Regulator is expected to provide guidance to help schemes prepare for the changes.

### **3.5 Pension Dashboards**

On 31<sup>st</sup> January, the DWP launched a [consultation](#) on the draft [Pension Dashboard Regulations 2022](#).

The purpose of this consultation is to seek views on a range of policy questions relating to the creation of pensions dashboards.

Board will already be aware, but it is the intention of the Government for Pensions dashboards to be an online platform, providing one place for individuals to access pensions information from multiple sources, including on their State Pension.

It is expected that Public Service Pension Schemes will have to interact with the dashboards between October 2023 and April 2024 and schemes must be prepared to match data with member requests and provide specified pensions information, some of which goes beyond existing disclosure requirements.

The Pensions Administration Standards Association (PASA) has published some [initial guidance](#) on data matching conventions that schemes should consider ahead of the upcoming pension dashboard legislation.

Administering authorities should review the accuracy of personal data held for active and deferred members to ensure the dashboards are a success.

#### **4. The Pensions Regulator (TPR)**

##### **4.1 “Looking ahead” blog published**

On the 24<sup>th</sup> of January the TPR [published a blog](#) to set out what TPR think 2022 will bring to workplace pensions and their plans for the year.

##### **4.2 Pension Scams**

TPR believe that too few schemes are reporting suspected pension scams, so have made a press release to encourage more reporting and said:

*“We’ve seen little evidence that the pensions industry is reporting its suspicions and this lack of data makes it difficult to accurately determine the scale of the problem and put in place successful interventions.”*

Information on how to report suspected scams is available on the TPR website and the Pension Fund will consider it accordingly during transfer processes.

#### **5. Recommendation**

Board are asked to note the contents of this report.