

CYNGOR SIR POWYS COUNTY COUNCIL

**Powys Pension Board
27th June 2022**

REPORT BY: Board Secretary

SUBJECT: New Legislation and Guidance Update

REPORT FOR: Information

1. Summary

Since the last Pension Board meeting, the LGA have published Bulletins 220, 221, 223 and 224, 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 Updates

2.1 DHLUC Levelling Up White Paper

On the 2nd of February 2022, the Department for Levelling Up, Housing and Communities (DLUHC) published the Levelling Up White Paper which makes reference to the Government's intention to ask LGPS pension funds to publish plans for increasing local investment, including setting an ambition of up to 5 percent of assets invested in projects which support local areas (UK projects, rather than local to the Administering Authority).

2.2 Finance Act 2022

The Finance Act received Royal Assent on the 24th of February 2022. Clauses 9 (Annual allowance deadlines), 10 (Normal minimum pensions age increase from 55 to 57 from 6th April 2028) and 11 (Power to change tax rules related to McCloud remedy) are relevant to the LGPS.

It is the LGA's view that Clause 10 does not trigger Regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of

Information) Regulations 2013 which requires schemes to tell members about material alterations to basic scheme information.

This is because the change has not changed the LGPS rules on when benefits are payable. The LGPS rules on when benefits become payable are not automatically linked to the normal minimum pension age. The relevant government department will need to change the LGPS rules to align with the normal minimum pension age at some point on or before 6 April 2028. When the LGPS rules change, regulation 8 will then be triggered.

2.3 State Pension Age Review

Under the Pensions Act 2014, must review the State Pension Age every 6 years. The report for the next review must be published by 7th May 2023 and on the 9th of February 2022, DWP launched a call for evidence to gather views from members of the public on several points, including:

- notice periods for State Pension age changes
- changes in working patterns
- predicted future changes to the workplace
- sustainability and affordability
- options for taking into account differences in circumstances when setting State Pension age
- what metrics should be considered to determine State Pension age

2.4 Updated guidance on stronger nudge

TPR has updated its [guidance](#) on communicating and reporting to reflect the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer members to Guidance etc) (Amendment) Regulations. The regulations come into force on 1 June 2022.

The LGA have also produced some [guidance](#) to assist administering authorities in processing the requests and how to refer members to AVC Wise.

In brief

The Nudge Regulations affect LGPS members when they apply, or contact about applying, to take or transfer their AVCs. The requirement to refer AVC members to Pension Wise:

- applies to applications received on or after 1 June 2022
- applies to all applications to take payment of AVCs in the LGPS
- replaces the requirement to signpost members to Pension Wise where it applies

- only applies to transfers where the member is 50 or over and transferring their AVCs to access them in another defined contribution scheme

Referring to Pension Wise

Administrators must:

- offer to book a Pension Wise appointment at a time and date and of a type that is suitable for the member. They can attend an online, face to face or telephone appointment
- where the member accepts the offer, take reasonable steps to book the appointment
- provide the telephone number and website address for Pension Wise so the member can book the appointment themselves if they want to
- explain their application cannot proceed unless you receive confirmation that they have received guidance or they opt out of receiving guidance
- explain how the member can opt out of receiving guidance.

2.5 LGPS Investments in Russia

On 4 March 2022, the SAB published information on Russian sanctions and divestment. This follows the coming into force of The Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2022 on 1 March 2022.

On 9 March 2022, DLUHC sent a letter to all LGPS Committee Chairs, copying in the Chair of the SAB. It urges all parties to keep up to date with the list of Russian sanctions which is expected to grow.

The information from the SAB and the letter from DLUHC can be found on the SAB's Boycotts Divestment and Sanctions [webpage](#).

On 4 March 2022, TPR published [guidance](#) for trustees regarding the conflict in Ukraine, which outlines TPR's expectations and areas for consideration.

The [WPP](#) and [Powys Pension Fund](#) have issued statements on the conflict in Ukraine and Russian investments.

2.6 DLUHC letter on McCloud remedy

In March DLUHC contacted Administering Authorities with a letter providing recommendations on how the McCloud remedy should be considered as part of the 2022 triennial valuation. The Fund has already held discussions on this with the Fund's Actuary.

2.7 Letter from Prudential on administration delays for the LGPS

The LGPS has been experience some administrative delays from the Prudential, who have formally acknowledged the issue and provided the [response](#) attached as Appendix A.

3. Pensions Dashboards

Work continues on the [Pension Dashboards Programme](#) and it is expected that the LGPS will have to interact with the ecosystem between October 2023 and April 2024.

It is not yet clear what resource and financial implications this will have for the Fund, but data will have to be accurate to ensure that the experience for the member is useful.

There will be a reliance on the administration software providers to help facilitate this project, so we wait to see what that will mean in practical terms for the Powys Fund.

It is imperative that data security is appropriately tested and that a digital ID is secure, since once logged in, a member will have access to pensions data from multiple sources increasing the potential for pension scams and other cyber risks.

4. Annual Benefit Statements

Work has begun on the year-end processing which also contributes to the production of the valuation data and annual benefit statements.

This year's communication exercise with regards to the annual benefit statements will also include a newsletter to encourage our scheme members to be digital by default (where appropriate and considering each individual scheme member's requirements) by registering with the online member portal if they have not already, but also provide a general update on the LGPS (McCloud, Dashboards etc).

5. Valuation

Work is also progressing on the triennial valuation. Officers of the Fund have met with the actuary to discuss appropriate assumptions, data and a timeline.

The Fund will be looking to submit data to the actuary by the 30th of June, who will then commence work on the valuation itself. Data queries will be exchanged between the fund and the actuary over the summer with a view to having an interim set of valuation results towards the end of the year.

These will then be communicated with individual employers and appropriate discussions will take place between the Fund and the employers.

The actuary will then produce a valuation report and the Rates and Adjustments Certificate, as required under the LGPS regulations by 31 March 2023 with the new contribution rates taking effect from 1 April 2023.

6. Recommendation

Board are asked to note the contents of this report.