

LGPS Updates

Investment			
Topic	Description	Timescale	LBB Status
1. Task Force on Climate Related Financial Disclosures (TCFD)	TCFD reporting is already mandatory for large private pension schemes, other asset owners and asset managers. The first Local Government Pension Scheme climate risk reports will mean that administering authorities will have to set out their strategies and metrics for managing climate-related risks and opportunities.	<p>We await the final regulations.</p> <p>DLUHC have confirmed that implementation of climate reporting obligations will be delayed at least until next year. (Click Here)</p> <p>Presuming regulations are forthcoming in time for 1st April 2024, reports covering the period 1 April 2024 - 31 March 2025 would need to be produced by December 2025.</p> <p>In the meantime, the Responsible Investment Advisory Group (RIAG) will look at what advice could be given to funds wishing to do a shadow reporting year, and also what could be done to standardise the development of climate reporting approaches at the pool level.</p>	Officers assessed several methods of complying with TCFD requirements. Officers now suggest the most cost-effective solution is to align with the other 32 London Boroughs and allow the London CIV (LCIV) to contact Bromley's Investment Managers to produce a TCFD consolidated report and sensitivity analysis on behalf of Bromley. This service will be provided pro-bono. Officers are currently in discussion with LCIV and will brief members on the details.
2. Investment Policy - pooling	<p>DLUHC has issued a consultation on a number of investment-related proposals for the LGPS.</p> <p>These include imposing a deadline of 31st March 2025 for the transition of listed assets from funds to pools; proposals around increasing LGPS investments in private equity and projects that meet the government's levelling up agenda; details around the implementation of the CMA Order relating to investment consultants, and a technical change</p>	The Scheme Advisory Board will be responding to the consultation and will publish information about its discussions, as well as a draft response, in due course.	LBB has a draft response to the consultation, which will be considered by Members at the 11 September meeting.

	<p>to the 2016 investment regulations.</p> <p>The consultation will run for twelve weeks and closes on Monday 2nd October 2023. (Click here)</p>		
3. The Boycotts, Divestments and Sanctions Bill	<p>The Economic Activity of Public Bodies (Overseas Matters) Bill, also known as the Boycotts, Divestments and Sanctions Bill had its second reading in the House of Commons on 3rd July 2023. The Bill seeks to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except where this is required by formal Government legal sanctions, embargoes, and restrictions.</p> <p>In the course of the debate, significant concerns were expressed about the Bill. These centred around its rationale, its practicability and also whether it constituted a significant over-reach of Ministerial authority.</p> <ul style="list-style-type: none"> • 	The Bill reaches the Committee stage in Parliament from 5 September 2023	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
Governance			
Topic	Description	Timescale	
1. The Good Governance Project. (click here)	<p>The SAB expects almost all of its recommendations being taken forward:</p> <ul style="list-style-type: none"> • The LGPS senior officer • Workforce strategy • Monthly data collection mandated • Administration KPIs • Enhanced training requirements 	<ul style="list-style-type: none"> • Consultation on final regulations expected in 2023 	As and when related regulations are published by DLUHC an action plan will be produced.

	<ul style="list-style-type: none"> Demonstrating compliance and offering resilience 		
Administration			
Topic	Description	Timescale	
1. Exit Payment Cap	The Government has stated its intention to bring back the exit cap (also known as the £95K cap). In addition, we understand that it still plans to introduce changes to LGPS and Compensation Regulations at the same time as the exit cap is re-introduced.	No timescale has been provided by Government.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
2. McCloud	<p>The Government has previously outlined the key changes that the Government will make to the LGPS regulations to remove the unlawful age discrimination. The statement confirmed that:</p> <ul style="list-style-type: none"> the age requirement for underpin protection will be removed; the remedy period will end on 31 March 2022; the underpin calculation will be based on final pay at the underpin date, even when this is after 31 March 2022; there will be two stages to the underpin calculation: the first on the underpin date – the date of leaving or on the normal pension age in the 2008 Scheme, if earlier. The second stage will be applied when the benefits are paid; and the regulations will be retrospective to 1 April 2014. 	<p>On 6 April DLUHC published its response to its autumn 2020 consultation on the changes required to the LGPS to address the discrimination outlined in the McCloud judgment. There are no major developments in the response and there are some areas where DLUHC have delayed decisions, including on aggregation and flexible treatment. These topics will be taken forward into a further consultation in the Spring/Summer which will also include the proposed approach to interest on backdated benefits and compensation. The intention is that the final regulations will come into force on 1 October, with backdated effect from 1 April 2014. Any prospective benefit improvement will need to be shown in annual benefit statements from August 2025</p>	<p><u>Data collection exercise:</u> Under the SAB and LGA guidance, LBB has completed the McCloud data collection exercise (most employers have responded).</p> <p><u>Resources:</u> Resourcing impact considered and being addressed with Liberata and additional in-house resource</p> <p><u>Action required (subject to SAB and LGA guidance):</u></p> <ul style="list-style-type: none"> Project management Data treatments for missing data and overriding current data
Consultation			
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1. GMP Equalisation	Following the original Lloyd Banking Group judgement in October 2018 to equalise GMP	The position is currently under further consideration with Treasury.	LBB will keep a watching brief and, through consultation with the Pensions Committee,

	accrued between 17 May 1990 and 5 April 1997 between male and female members.		respond to further developments, guidance and regulations as and when they are published. Note: LBB has completed the GMP reconciliation project (Fund's GMP data vs HMRC). We are now in the process of completing the GMP rectification project.
2. Goodwin (click here for details)	On 20 July 2020, HMT issued a note confirming that, following a successful case against the Teachers' Pension Scheme (TPS), historical widowers' pensions in the public sector pension schemes discriminated against male members.	Consultation is expected in Spring/Summer 2023 on a retrospective award of widowers' pensions backdated to 2005.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
3. Removing age 75 limit for death grant lump sums	LGPS regulations do not allow for death grant lump sums to be paid if the member is aged 75 or over. The Government now considers this rule to be discriminatory.	Consultation was expected in Spring/Summer 2023 but has been delayed on a retrospective award of death grant lump sum to affected beneficiaries backdated to 2011.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
4. Moving CARE revaluation date from 1 April to 6 April.	The annual allowance (AA) is the maximum amount of pension savings an individual can make in any one tax year, from 6 April to 5 April, that benefit from tax relief. The standard AA limit is currently £40,000. For the 2022 to 2023 tax year, the September 2022 CPI of 10.1% is higher than it has been in recent years. This higher CPI would have led to high revaluation of CARE pensions for active members in the 22/23 tax year.	In March 2023, DLUHC passed the LGPS (Amendment) Regulations 2023 moving the annual revaluation date from 1 April to 6 April in effect deferring the inflationary uplift into the next tax year. This has minimised the risk of annual allowance tax charges for active members.,	No action needed.
5. Increase to the minimum pension age	In the Finance Act published on 1st March 2022, the Government has confirmed the increase in Normal Minimum Pension Age or	With effect from 6 April 2028.	LBB will ensure that communications to members reflect this change.

	<p>“NMPA” from 55 to 57 with effect from 6 April 2028.</p> <p>The legislation protects members of registered pension schemes who before 4 November 2021 have a right to take their entitlement to benefit under those schemes at or before the existing NMPA.</p>		
<p>6. Pensions Dashboards Programme (PDP) (click here for details)</p>	<p>Dashboards will enable anyone who has a UK pension not in payment (including LGPS pensions) to be able to view some key details of their pension information. Dashboards will present information from UK-based pension providers including the State Pension. The legislation assumes that all UK pensions will be included.</p> <p>The Pensions Dashboards Regulations 2022 were given approval by Parliament, empowering PDP to set dashboards standards that underpin legislation.</p>	<p>The Department for Work and Pensions (DWP) has laid the Pensions Dashboards (Amendment) Regulations 2023. A revised staging timeline will be set out in guidance, and all schemes in scope will need to connect by 31 October 2026. The staging timeline will indicate when schemes (by size and type) are scheduled to connect.</p>	<p>In February 2023, LBB signed a contract to June 2025 with its current pensions software provider Heywood Ltd for the purchase of a digital interface to connect to pensions dashboards and conduct any necessary data cleansing to help pensions savers match with LBB data. LBB, along with all Pensions administering authorities, now awaits the update on the new connection deadline.</p>