

London Borough of Bromley Pension Fund

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. Officers have engaged LCIV to produce a climate analytics report pro bono. Officers will consult with Members on which scenarios are to be modelled, and for approval of the final report. Apex has been approached to cover any TCFD requirements not covered by the LCIV service.
2. Investment Policy - pooling	DLUHC issued a consultation in 2023 on a number of investment-related proposals for the LGPS. After having considered the responses, the Government has announced (see here) that the statutory guidance on investment strategy statements (ISS) will change to say that funds should transfer all assets into their respective investment pools by 31 March 2025 , with 'comply or explain' provisions backing this expectation. The revised guidance will also require that funds formulate plans to invest up to 5% of their assets in levelling-up projects (actual investments may be more or less than 5%, depending on what is appropriate for the fund) whilst other guidance will expect them to report on	We await revised pooling guidance.	LBB provided a full response to the consultation, after consideration by Members at the 11 September meeting.

	<p>progress against the plan. The ISS guidance will reflect the Government's 'ambition' for funds to invest 10% in private equity; they will be encouraged to explore suitable opportunities with the British Business Bank.</p>		
<p>3. The Boycotts, Divestments and Sanctions Bill</p>	<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>	<p>The Bill has reached the 3rd reading stage in the House of Commons.</p>	<p>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.</p>

Governance

Topic	Description	Timescale	
<p>1. The Good Governance Project. (click here)</p>	<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 • Demonstrating compliance and offering resilience 	<ul style="list-style-type: none"> • Consultation on final regulations is expected in 2024. 	<p>As and when related regulations are published by DLUHC an action plan will be produced.</p>

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; <p>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>	<p>In accordance with section 131 of the Public Service Pensions and Judicial Offices Act 2022, the McCloud remedy (to the extent not already in force) came into force on 1 October 2023.</p> <p>The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 also came into force on 1 October 2023. These regulations extend the statutory underpin so that all eligible members benefit from a guarantee that their benefits under the reformed LGPS, in respect of relevant service, will not be less than the amount they would have been entitled to under the legacy LGPS.</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			
Topic	Description	Timescale	
1. GMP Equalisation	Following the original Lloyd Banking Group judgement in October 2018 to equalise GMP accrued between 17 May 1990 and 5 April 1997 between male and female members.	The position is currently under further consideration with Treasury.	<p>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.</p> <p>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.</p>

<p>2. Goodwin (click here for details)</p>	<p>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.</p>	<p>Consultation is expected in 2024 on a retrospective award of widowers' pensions backdated to 2005.</p>	<p>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.</p>
<p>3. Increase to the minimum pension age</p>	<p>In the Finance Act published on 1st March 2022, the Government has confirmed the increase in Normal Minimum Pension Age or "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>With effect from 6 April 2028.</p>	<p>LBB will ensure that communications to members reflect this change.</p>
<p>4. 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>There will be engagement between the Pensions Dashboards Programme (PDP), DWP [Department for Work and Pensions], industry, and regulators on draft guidance before it is finalised.</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>