



Purpose: For Noting

Committee report

Committee	LOCAL PENSION BOARD
Date	24 MARCH 2021
Title	LGA AND LEGISLATION UPDATE
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. The Local Government Association (LGA) issue a Local Government Pensions Committee (LGPC) bulletin at the end of each month. The bulletins are emailed out to a variety of contacts but can also be accessed via the www.lgpsregs.org website.
2. The Technical Finance Manager sends out the LGPC bulletins to committee and board members as they are received, but it is proposed that a separate items be included on all future board and committee meeting agendas, summarising the bulletins published since the last meeting and highlighting key areas for note and action.
3. In this first report, focus is on LGPC Bulletin 206, which was published at the end of February 2021.

£95K EXIT CAP

4. On 12 February 2021, HM Treasury issues the Exit Payment Cap Directions 2021 (the directions), disapplying the provisions of the Restriction of Public Sector Exit Payment Regulations 2020 (the 2020 regulations) with immediate effect. This means that the exit cap does not apply to exits that take place on or after 12 February 2021.
5. The bulletin sets out how employers and administering authorities should deal with any exits falling between 4 November 2020 (the date of the introduction of the 202 regulations) and 11 February 2021.
6. As a result of the directions, the Ministry of Housing, Communities and Local Government (MHCLG) consultation on reforming local government exit pay has been closed.
7. Members are asked to note that the Isle of Wight Council Pension Fund has not been made aware of any redundancies occurring between those dates which could be impacted by the exit cap.

8. The government has confirmed that HM Treasury will “bring forward proposals at pace to tackle unjustified exit payments”. There is currently no further detail on the timing of these proposals.

McCLOUD REMEDY

9. On 4 February 2021, HM Treasury published a Written Ministerial Statement (WMS) outlining the government’s response to the consultation on the McCloud remedy for the unfunded public service schemes.
10. The Local Government Pension Scheme (LGPS), as a funded scheme, will require its own remedy process. A written ministerial statement from MHCLG is expected in mid-March, which will include details on timing of the necessary amending regulations. As at the date of writing this report, the statement has not been issued.

GOOD GOVERNANCE REPORT

11. On 15 February 2021, the Scheme Advisory Board (SAB) published the Phase 3 report from the Good Governance project.
12. The Phase 3 report provides further details on some of the recommendations that were included in the Phase 2 report, which was published in November 2019.
13. The SAB’s Good Governance Action Plan has been submitted to the Local Government minister for consideration, with the chair of the SAB expecting to meet with the minister in the next month to discuss the way forward.
14. Updates on this matter will be brought to future board and committee meetings, including consideration of the fund’s action plan for compliance with the recommendations where appropriate.

GUIDE TO EMPLOYER FLEXIBILITIES

15. The LGPS (Amendment) (No. 2) Regulations 2020 introduced increased flexibility for administering authorities when dealing with exiting employers, and the ability to review employer contribution rates between valuations.
16. The SAB published a draft guide to employer flexibilities on 22 February 2021; the purpose of which is to assist administering authorities to use these new flexibilities appropriately.
17. These regulations and the guide will be reviewed with the fund’s actuaries, with any changes built into the fund’s Funding Strategy Statement as part of the next triennial valuation of the fund at March 2022.

CONSULTATION: IMPLEMENTING THE INCREASE TO THE MINIMUM PENSION AGE

18. On 11 February 2021, HMT published Increasing the normal minimum pension age: consultation on implementation. In 2014, the Coalition Government consulted on increasing the normal minimum pension age (NMPA) from 55 to 57 from 6 April 2028 as part of the Freedom and choice in pensions consultation.

19. The consultation, which closes on 22 April 2022, seeks views on:
- the implementation of the rise in NMPA, and
 - protections for pension scheme members: members of registered pension schemes who have a right under the scheme rules to take benefits before age 57 at the date of this consultation will be protected from the increase in NMPA.

LGPS CYBER SCORECARD

20. The consultancy firm Aon has launched a free cyber scorecard to help LGPS administering authorities in the fight against the increasing risk of cybercrime. The scorecard will enable administering authorities to benchmark their approach to managing cyber risks against what other authorities have done.
21. Participating in the assessment is free. On completion, Aon will provide a report that includes:
- an overall score.
 - a breakdown of the 10 key areas covered.
 - a comparison of your results against other administering authorities that have completed the assessment.
22. Consideration should be given to the Isle of Wight Council Pension Fund participating in this assessment as part of its ongoing risk management activities.

PENSION SCHEMES ACT 2021

23. On 11 February 2021, the Pension Schemes Act 2021 (the Act) received Royal Assent. The provisions within the Act will come into force when the Secretary of State makes regulations for them to do so. The Act paves the way for:
- the introduction of Collective money purchase schemes
 - the creation of Pensions Dashboards
 - the introduction of new powers for the Pensions Regulator (TPR) concerning employer debt
 - the introduction of a requirement to assess, manage and report on climate-related risks
 - amendments concerning:
 - funding for defined benefit schemes
 - extra conditions that members must satisfy before they are able to transfer out their LGPS benefits, and
 - pension protection fund and administration charges.
24. Updates on the implications of the Act will be brought to future meetings.

RECOMMENDATION

25. The Board is asked to note the content of this report.

APPENDICES ATTACHED

26. APPENDIX 1: LGPS Bulletin 206 – February 2021

BACKGROUND PAPERS

27. LGPS Regulations and Guidance website
<http://www.lgpsregs.org/>

Contact Point: Jo Thistlewood, Technical Finance Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk