



<u>Committee and date</u> Pensions Board 26 January 2024 10.00am

<u>Item</u> <u>Public</u>

Administration and regulatory updates

Responsible Officer: Vicky Jenks
Email: vicky.jenks@shropshire.gov.uk
Tel: (01743) 252192

1. Synopsis

- 1.1. The report provides Pension Board members with the latest administration and regulatory updates affecting the Local Government Pension Scheme (LGPS).

2. Executive Summary

- 2.1. This report covers the administration and regulatory issues which have arisen since Pensions Committee on the 1 December 2023 and Pensions Board on the 13 October 2023, including an update from The Scheme Advisory Board (SAB), and information regarding the McCloud project and Pensions Dashboard Programme (PDP).
- 2.2. A draft Business Plan for 2024-2026 was approved at the pensions committee meeting on 1 December 2023 and a final version will be prepared for approval at the March committee meeting. The business plan highlights the key priorities for the fund as well as areas of change and projects which are in addition to day-to-day “business as usual” duties.

3. Recommendations

- 3.1. Pension Board members are asked to note the contents of this report with or without comment.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to, risks to the fund are minimised. A risk register is kept and updated in line with council corporate policy.

4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

5. Financial Implications

5.1. Currently there are no direct financial implications arising from this report.

6. Climate change appraisal

6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Administration and regulatory update

- 7.1. In addition to this report, the Pensions Board are advised to note the pensions administration reports submitted to the Pension Committee on 1 December 2023.
- 7.2. The draft business plan for 2024-2026 was approved at the December Pensions Committee, the final version will be sent to the March Committee for approval. A copy of the draft report is attached. (Appendix 1).

8. Cyber security

8.1. The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure they have good cyber security. Shropshire County Pension Fund takes data security very seriously and works closely with Shropshire Council's IT team and any companies providing pensions software to confirm that the systems holding personal data are protected.

9. Communications

- 9.1. The fund monitors member take-up of its online area member self-service (MSS), known by members as 'My Pension Online.' The annual benefit statements for both active and deferred members are now available to view on 'My Pension Online' unless a member has requested a paper copy. As of 01 December 2023 a total of 51% active members and 43% of deferred members and 50% of pensioners were registered to view their records on 'My Pension Online'.
- 9.2. An employer update is sent monthly via an email bulletin to all registered contacts at participating employers within the fund. The topics covered recently were:

November

Employer Meeting – link of recording sent to all employers

December

McCloud update
Seasons greetings
2022/2023 annual report published

10. Update from Scheme Advisory Board (SAB) meeting held on 4 December 2023

- 10.1. The SAB met on December 4 2023.
- 10.2. The Board discussed:
 - King's Speech
 - Autumn Statement
 - Surpluses Statement
 - Code of Transparency reporting system
- 10.3. Pension Board members can read a detailed summary of the meeting on the Board updates page of the [SAB website](#).

11. Knowledge and skills survey

- 11.1. The knowledge and skills survey for Pension Board and committee members provided by SAB closed on November 6. The Compliance and Reporting Committee, knowledge and skills working group, will provide a presentation for the LGA governance conference on this topic in January 2024, for which two of the Funds Officers have assisted with its content. The results from the survey will be used to plan training for Board and Committee Officers.

12. Pension fund annual reports

- 12.1. The 2022/23 Shropshire County Pension Fund annual report has been published on the website by the statutory deadline of 1 December 2023. The report remains in draft and cannot be finalised until the audit report has been received.

13. New minister for LGPS

- 13.1. Simon Hoare MP has been appointed Parliamentary Under Secretary of State at DLUHC, with ministerial responsibility for the LGPS. The Minister took over the role on 13 November 2023 as part of the latest government reshuffle and replaces Lee Rowley MP, who has become Minister of State (Housing) at DLUHC.

- 13.2. Paul Maynard MP is the new pensions minister. Paul joined the Department for Work and Pensions (DWP) as Parliamentary Under Secretary of State on 13 November 2023. He replaces Laura Trott MP, who has become Chief Secretary to the Treasury.

14. HMT confirms LTA abolition next April

- 14.1. It was announced in the Autumn Statement on 22 November 2023 that legislation which is to be included in the Finance Bill 2023 will be put in place to fully abolish the lifetime allowance (LTA) from 6 April 2024.
- 14.2. HMRC have issued a newsletter that provides guidance to Funds with regard to how this should be implemented and reported.

15. McCloud

- 15.1. On 6 November 2023, the LGA sent administering authorities a McCloud factsheet for members. This has been added to the SCPF website and sent to members in scope either by email or letter. The fund has now completed the disclosure requirement for McCloud, sending 8,680 letters and emails to a further 12,830 members in scope.
- 15.2. The LGA has published the first instalment of the McCloud technical guide for administrators. The guide explains how the underpin protection works in the LGPS after the changes made because of the McCloud case. The guide is being released in instalments due to the breadth and complexity of the McCloud remedy project and because guidance is still outstanding in some areas.
- 15.3. Software updates have been provided for the underpin check to be undertaken on all members in scope who are leaving the scheme. This will ensure that members will get the correct benefit when they take payment of their pension. We await developments required which will enable the team to do the retrospective checks on members in scope who have left the scheme pre-1 October 2023. These developments are expected in the next release which is scheduled for roll out in February 2024.
- 15.4. As part of the McCloud remedy any teacher who has excess service in the Teachers' Pension Scheme (service over and above that of a full time Teacher) will have their pension entitlement for this credited in the LGPS. The Teachers Pensions Scheme have contacted administering authorities to provide an indication for when LGPS Funds will receive further information regard individuals who are affected. According to the notification we expect to receive this in May 2024, and will update the Board once further information is available.

16. Pensions Dashboards

- 16.1. The LGA has published a draft LGPS Pensions Dashboards connection guide and will publish a final version when the Money and Pensions Service (MaPS) issues guidance on the staged timetable for connection.

The guide sets out the steps administering authorities need to take to connect to the dashboards ecosystem. The LGPS Technical Group has established a sub-group to look at AVCs and dashboards. The sub-group will work with all ten LGPS AVC providers to establish common approaches on matching and providing value data.

- 16.2. The Money and Pensions Service (MaPS) plan to publish the staged timetable for connection to the dashboard in Spring 2024. The staging guidance will confirm the proposed staging date of 30 September 2025. Regulation 15(2) of the Pensions Dashboards Regulations 2022 confirms administering authorities have a legal duty to have regard to this guidance.

17. The Pensions Regulator (TPR)

- 17.1. The Pensions Regulator (TPR) published the results of its survey on governance and administration practices among public service pension schemes on 27 November 2023. The survey was conducted online from January to March 2023 and received responses from 191 of 204 public service pension schemes. The survey covered topics such as risk management, annual benefits statements, breaches of the law and dashboards.

18. The Pensions Ombudsman (TPO)

- 18.1. The TPO has expressed its disappointment about the recent Court of Appeal ruling that it is not a competent court for enforcing a dispute about a monetary obligation under section 91(6) of the Pensions Act 1995. The ruling means that the TPO decision to allow recoupment/recovery from a pension is not enough to enforce it. The Fund would also need to obtain a County Court Order.

The Department of Work and Pensions is supporting a change to legislation to formally empower the TPO to remove the need to obtain a County Court Order.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p>
<p>Pensions Administration Report Pensions Committee Meeting 1 December 2023 Pensions Board Meeting 13 October 2023 Administration and Regulatory updates</p>
<p>Cabinet Member (Portfolio Holder) N/A</p>
<p>Local Member N/A</p>
<p>Appendices Appendix 1 – Draft Shropshire County Pension Fund Business Plan 2024-2026</p>

