



PENSIONS COMMITTEE

22 JUNE 2022

REPORT TITLE:	LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE
REPORT OF:	DIRECTOR OF PENSIONS

REPORT SUMMARY

This report provides an overview of proposed changes affecting the future administration and governance of the Local Government Pension Scheme (LGPS).

A synopsis of the latest legislative reform position is attached as Appendix One.

RECOMMENDATION/S

That the Pensions Committee be recommended to note the upcoming administration and governance changes to the LGPS.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 There is a requirement for Members of Pension Committee to be fully informed of legislative developments to ensure the appropriate governance and stewardship of the Fund in their capacity as Scheme Manager.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not relevant to this report.

3.0 BACKGROUND INFORMATION

- 3.1 There are several government initiatives and policy reform activities that have been consulted on over the parliamentary term as a result of overriding primary legislation and successful legal challenges against government policy.
- 3.2 Government has been delayed on a number of the initiatives as a result of changing priorities and resource limitations due to the COVID-19 pandemic and more recently geopolitical matters and the cost-of-living crisis.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The administration and management costs incurred by Merseyside Pension Fund are recovered from the constituent employers through the employers' contribution rates.
- 4.2 Any specific resource costs are covered in the fund's budget reports.

5.0 LEGAL IMPLICATIONS

- 5.1 The administering authority solicitor, acting for the Fund, provides advice as to the implementation and interpretation of governance requirements and impacts on the Administering Authority's constitution.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 The level of additional staffing or professional advisory costs necessary to implement the new legislative requirements will depend on the complexity of the final provisions and the timely development of systems to provide appropriate bulk calculations.

7.0 RELEVANT RISKS

- 7.1 There is a risk of miscommunication and under or overpayment of pension benefits to members if the legislative changes are not implemented in accordance with the revised regulations and guidance, with an associated impact on employer costs.

7.2 Failure to comply with regulations or a failure to meet revised governance expectations may lead to sanction by the Pensions Regulator, including the possibility of financial penalties and reputational damage.

8.0 ENGAGEMENT/CONSULTATION

8.1 The changes to administration and governance of the LGPS are consulted on at national level by the relevant government department or the Pensions Regulator. A link to the consultations for each set of regulations or policy change is referenced in Appendix One.

9.0 EQUALITY IMPLICATIONS

9.1 Department for Levelling Up, Housing and Communities (DLUHC) and the Pensions Regulator undertake equality impact assessments regarding the provisions of the LGPS Regulations and the administration and governance of public service pension schemes.

The Equality Statement published on the introduction of the Local Government Pension Scheme 2014 can be viewed at: <https://mpfund.uk/lgpsequalitystatement>

In June 2020, a further Equality Analysis was undertaken by the Government on addressing any unlawful age discrimination, and this can be viewed at: <https://mpfund.uk/lgpseia-age>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The Fund continues with its digital strategy across all operational areas and communications with stakeholders, with the aim to improve service delivery and to reduce its internal carbon footprint.

10.2 The Fund's strategic asset allocation to low carbon equities and renewable energy opportunities is monitored by Pensions Committee

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are none directly arising from this report.

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BACKGROUND PAPERS

The Public Service Pensions Act 2013

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Standing Agenda Item	