

CYNGOR SIR POWYS COUNTY COUNCIL

**Powys Pension Board
9th November 2020**

REPORT BY: Board Secretary

SUBJECT: New Legislation and Guidance

REPORT FOR: Information

1. Summary

This report provides the Board with an update on any new legislative changes and guidance that has been issued recently.

2. Key points for information

2.1 The House of Lords approves exit payment regulations

The House of Lords has approved the [draft Restriction of Public Sector Exit Payments Regulations 2020](#) on 23 September 2020.

The draft [Restriction of Public Sector Exit Payments Regulations](#) will implement the £95k cap on exit payments.

The Government may only make the regulations after both houses of Parliament have each passed a motion approving the regulations. The regulations come into force on the 21st day after the day on which the regulations are made.

The House of Commons voted to approve the regulations on the 15th of October 2020, so the regulations will become law from the 4th of November 2020.

At the time of writing this paper there is still a requirement for clarity on guidance on how to process the appropriate exits, whilst the LGPS regulations are still not aligned with the above regulations.

3. Scheme Advisory Board update

On 28 August 2020, the Chair wrote [a letter](#) to the Pensions Regulator (TPR) in response to their funding code consultation. This follows on from [the letter](#) the Chair wrote in July to the Local Government Minister raising concerns about clause 123 of the [Pension Schemes Bill 2019-21](#).

Though clause 123 will not apply to the LGPS, the Board has expressed concern in the letters that the measures could, nonetheless, have unintended consequences for the Scheme.

Clause 123 of the Bill provides for amendments to the statutory framework for defined benefit pension scheme funding set out in part 3 of the Pensions Act 2004. The Bill has passed through the House of Lords and will shortly receive its Second Reading in the House of Commons. Guy Opperman, the Minister for Pensions and Financial Inclusion, has confirmed that he expects the Bill to become law by the end of the year.

TPR is consulting on [revisions to the DB funding code](#), one of the aims of which is to implement clause 123. The consultation will run in two parts. The first part closed on 2 September 2020. The second part is expected to be launched later this year.

Draft McCloud response published

On the 6th of October 2020, the SAB published a [final version of its response to the McCloud consultation](#).

15th October 2020 - Exit cap regulations made

The summary on the public sector exit payments [page](#) of the SAB website has now been updated to take into account the making of the public sector exit payment regulations which will come into force on 4th November.

4. LGPS England and Wales Update

New employer exit flexibilities

With effect from 23 September 2020, [the Local Government Pension Scheme \(Amendment\) \(No.2\) Regulations 2020](#) introduced increased flexibility when dealing with exiting employers and the ability to review employer contributions between valuations.

To implement the new employer flexibilities under regulation 58 (Funding Strategy Statements (FSS)), work is underway on guidance to assist administering authorities in updating the FSS.

GAD request for valuation data

GAD have recently issued their request for 2020 data to pension managers. As well as asking for data under the usual Universal Data Extract specification, the request will include a brief questionnaire. This will give administering authorities a straightforward opportunity to provide some supporting details usually shared with their actuary ahead of a fund valuation. The deadline for submitting the return will be mid November.

5. The Pensions Regulator (TPR)

Update on the single Code of Practice

On 1 September 2020, TPR confirmed that it now intends to launch the formal consultation on a single Code of Practice in late 2020 or early 2021.

TPR provides 15 codes of practice, covering topics such as early leavers, internal controls and governance and administration of public service pension schemes.

6. Other News

Government confirms intention to increase minimum pension age

In an answer to a parliamentary question on 3 September 2020, the Government confirmed that it still plans to increase the minimum pension age from 55 to 57 in 2028 and will legislate in due course.

The Government confirmed in 2014 in its response to the consultation 'Freedom and choice in pensions', that it intends to increase the minimum age from 55 to 57 in 2028 and that the change will apply to all schemes, aside from those in the public sector that do not link their normal pension age to State Pension age, namely Firefighters, Police and the Armed Forces.

7. Recommendation

Board are asked to note the contents of this report.