

CYNGOR SIR POWYS COUNTY COUNCIL

**Powys Pension Board
14th June 2021**

REPORT BY: Board Secretary

SUBJECT: New Legislation and Guidance Update

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. LGPS England & Wales Scheme Advisory Board (SAB)

2.1 Online A-Z Guide to Responsible Investment (RI) launched

On 28 April 2021, Cllr Phillips, Chair of the SAB, announced the launch of the online [A-Z guide to Responsible Investment \(RI\)](#) at the Local Authority RI Seminar.

The [guide](#) provides a glossary of RI terms, organisations, standards and legislation indexed by its classification (what it is), category (where it fits in Environmental, Social and Governance (ESG)) and status (in the context of the LGPS legislative framework) with related LGPS specific case studies.

The SAB has prepared the guide with the assistance of the newly established Responsible Investment Advisory Group (RIAG). It will continue to be monitored and updated on a regular basis.

SAB Statement on local pension board meetings

The minister responsible for the LGPS, Luke Hall MP, wrote to councils on 25 March 2021 explaining that the legislation allowing remote meetings will not be extended beyond 7 May 2021. The SAB is satisfied that this does not affect local pension board meetings. Having taken legal advice, the SAB's view is that:

- arranging a virtual meeting of a local pension board would facilitate the discharge of a local pension board's duty to conduct business during the pandemic, and
- a local pension board therefore has the power to hold virtual meetings by virtue of regulation 106(8) of the LGPS Regulations 2013.

2020 LGPS Scheme Annual Report

On 18 May 2021, Councillor Roger Phillips, the SAB Chair, launched the 2020 LGPS England and Wales Scheme Annual Report. Highlights from the report include:

- Total membership up by 4.2% to 6.1 million members compared with 2019.
- Total assets decreased by 4.9% to £276 billion. These assets were invested in:
 - 68% pooled investment vehicles
 - 14% public equities
 - 6% bonds
 - 3% direct property
 - 9% other asset classes.
- The Local Authority return on investment over 2019/20 was -4.8%. This was reflective of the market conditions during the year and set against the UK return of -28.3%.
- The Scheme maintained a positive cash-flow position overall, including investment income.
- Over 1.8 million pensioners paid in the year.
- LGPS liabilities estimated at £291 billion on 31 March 2019. This indicates an overall funding level of 98%. The next triennial valuation of the LGPS will be as at 31 March 2022.

3. Other Updates

Written Ministerial Statement on McCloud

On 13 May 2021, Luke Hall, Minister for Regional Growth and Local Government, made a Written Ministerial Statement on McCloud and the LGPS. The statement confirms the key changes that the Government will make to the LGPS regulations to remove the unlawful age discrimination. The statement confirms that:

- the age requirement for underpin protection will be removed
- a member will not need to leave with an immediate entitlement to benefits to qualify for underpin protection
- 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
- the regulations will be retrospective to 1 April 2014
- 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 when the benefits are paid

4. The Pensions Regulator (TPR)

Climate Change Strategy

TPR has recently published a [climate change strategy](#).

5. Recommendation

Board are asked to note the contents of this report.