

Current issues in the LGPS

September 2021



Responding to the cost control consultation

The Government's [consultation](#) on changes to the cost control mechanism closed on 19 August. All stakeholders in the public sector pension arena will be eagerly awaiting the Government's response to see how this important mechanism will operate in future to support the long-term sustainability of the post-reform CARE schemes. Our response to the consultation can be found [here](#).

Section 13 update

GAD have recently shared a draft version of their 2019 Section 13 valuation report for England & Wales with fund actuaries for comment. The headline results are positive for funds, with no significant funding issues identified for the funds advised by Hymans Robertson. We have responded with our thoughts and views on certain aspects of the report, especially where there is potential for undesirable consequences on funding behaviour in the LGPS. The final report is expected to be published this Autumn.

Pension tax deadline approaches

Our recent [60 Second Summary](#) on the topic of pension tax highlighted the challenges we know many administrators face in processing pension savings statements, as well as dealing with the technical member enquiries that can follow. If you need assistance, as the deadline approaches, or would like to discuss other support we can give with tax seminars, one-to-one sessions or administrator training please get in touch with [Pete Riedel](#) (0141 566 7955) or [Ian Colvin](#) (0141 566 7923) who would be happy to discuss further.

GAD announce re-introduction of broad comparability assessments

In the wake of the McCloud judgement GAD suspended the certification of broadly comparable pension schemes. While this may not be the issue for LGPS employers it once was, we do still see occasions where a service provider opts for a broadly comparable scheme, over admitted body status. In its [latest news](#), given the ongoing consultations on a McCloud remedy, GAD has confirmed the start of a rolling programme of recommending some broad comparability work, limited initially to career average schemes. Existing cases that had been suspended need to be referred to GAD regarding recommencement.

A Big Bang for UK investments?

Number 10 and Her Majesty's Treasury have written a joint [open letter](#), accompanied by a [press release](#), to challenge institutional investors (e.g. LGPS funds and pools) to invest more in long-term UK assets. They say that such investors are under-represented in owning UK assets, and want to 'unlock the hundreds of billions of pounds' they control and 'use it to drive the UK's recovery'. The letter also says that No. 10 and HMT are 'doing everything possible — short of mandating more investment', whilst noting that the choice of the best investments for members 'remains a matter for pension fund trustees'. The letter closes with a message that Ministers and officials will be in touch during the coming weeks to tell investors more about their ambitious plans.

TPR's new combined code of practice delayed

The Regulator recently published an [interim response](#) to its recent single code of practice [consultation](#). It had been expected that the new, combined, code would be effective sometime this year. Given the number of responses received, this appears to have been pushed back to late Summer 2022. Despite this delay we recommend you use the additional time to continue preparing for the code's implementation. We would be happy to discuss what you could be doing, if you have any questions.

Responsible Investment update

The publicity around the latest [Intergovernmental Panel on Climate Change \(IPCC\) Report](#), which warns that limiting global warming to 2 degrees will be impossible unless immediate action is taken, rightly keeps this subject centre stage amongst funds. Our latest thoughts are captured in our quarterly [Responsible Investment News and Views](#). This touches on our [Climate Metrics: Chasing Rainbows](#) paper which explain the benefits and limitations of monitoring climate metrics. We expect MHCLG will soon issue a consultation on how funds should disclose these metrics; our interactive ['Getting ready for TCFD' guide](#) is available to help you to get to grips with this.

Summit to talk about

What is the "flaw of averages" and how does it affect your actuarial valuation? Our Douglas Green will be at the [LGC Leeds Investment Summit](#) on 9-10 September, presenting at the penultimate session on what your valuation is – and isn't – telling you. (Mind you, Douglas is unsure how he will be able to follow the previous evening's after-dinner speaker, Brian Blessed!)

Training update - Learning academy 3 months into the 2021 term and the KPA (the new kid in school)

In his latest [blog](#) Andrew McKerns describes what we have learned in the first 3 months of the LGPS Online Learning Academy (LOLA). With over 20 funds already using the platform, we have gained some great insights into the latest training challenges for LGPS funds. Of particular interest is seeing how funds have rolled out their LOLA participation in different ways. Some have used it to target specific areas within their training plan, while others have stuck to the module specific program. We also have a new kid joining this term! For those funds that are looking for a 2021 knowledge assessment for their Committee and Board, we have introduced a [Knowledge Progress Assessment \(KPA\)](#) which will provide you with a baseline of current knowledge and understanding level. Please get in touch with [Andrew](#) if you would like to discuss either LOLA or KPA for your Fund.

Better Futures 100: Diversity and inclusion virtual event

Creating a diverse and inclusive working environment benefits everyone. When you feel welcome and able to be yourself you can truly thrive. People can do their best work, have more rewarding careers, decision-making becomes more assured and we believe it also leads to enhanced client relationships. [Please join us on 29 September for a virtual event](#) that will explore the part we can all play in building a more diverse and inclusive future.

Appendix

Responding to cost control consultation

[Cost control mechanism condoc FINAL VERSION.pdf \(publishing.service.gov.uk\)](#)

[Cost control mechanism - Hymans Robertson responds to consultation - Hymans Robertson](#)

Pension tax deadline approaches

[The 'Generation Game' challenge of LGPS administration annual tax activities - Hymans Robertson](#)

GAD announce re-introduction of broad comparability assessments

[Staff transfers: public service pension schemes - GOV.UK \(www.gov.uk\)](#)

A Big Bang for UK investments?

[A Challenge Letter from the Prime Minister and Chancellor to institution 1_.pdf \(publishing.service.gov.uk\)](#)

[Prime Minister and Chancellor challenge UK investors to create an 'Investment Big Bang' in Britain - GOV.UK \(www.gov.uk\)](#)

TPR's new combined code of practice delayed

[Interim response to the consultation on TPR's new code of practice | The Pensions Regulator](#)

[Single code of practice consultation | The Pensions Regulator](#)

Responsible Investment update

[Climate change widespread, rapid, and intensifying – IPCC — IPCC](#)

[Responsible Investment News and Views – Q3 2021 - Hymans Robertson](#)

[Climate metrics.pdf \(hymans.co.uk\)](#)

[Getting ready for TCFD - Hymans Robertson](#)

Summit to talk about

[LGC Investment & Pensions Summit | The LGC Investment & Pensions Summit \(lgcplus.com\)](#)

Training update - Learning academy 3 months into the 2021 term and the KPA (the new kid in school)

[LGPS online learning academy – 2021 term continues! - Hymans Robertson](#)

[LGPS Knowledge Progress Assessment.pdf \(hymans.co.uk\)](#)

Better Futures 100: Diversity and inclusion virtual event

[Together, building a diverse and inclusive future \(on24.com\)](#)