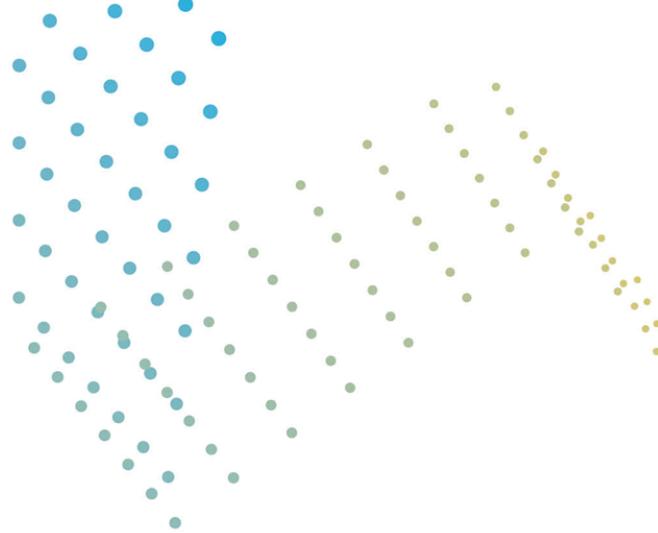


# Current issues in the LGPS



March 2024



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Partner – Actuarial Public

There's plenty going on at Scottish funds with new amendment regulations and the 2023 valuations being signed off. Our investment focus this month is on the UK – should the LGPS consider venture and growth capital? And if you need inspiration for 2024/25 business planning then have a look at our webinars.

## Turning attention to 2025

The LGPS conference season is getting into full swing and the next main event is LGC's at Carden Park on 14 & 15 March. Along with Strathclyde's Richard McIndoe, our own Rob Bilton will be exploring what the significant change in funding environment since 2022 will mean for the upcoming 2025 valuations in England & Wales. Keep an eye out for further communications on this topic in the coming weeks.

## General Code of Practice checker – available soon

The Pension Regulator's (TPR's) General Code of Practice is expected to be effective from 27 March. Around the time of its release, we expect funds will want to assess their current levels of compliance. Our team has designed a comprehensive self-assessment tool for practitioners covering all LGPS relevant areas of the new Code. The tool will allow officers to gauge current compliance levels and monitor ongoing progress. It also provides an editable report that can be presented to stakeholders, such as Pension Committee and Board, and the ability to track and report on progress over time. We're providing a demo ([register here](#)) of our compliance checker on 13 March, with the checker tool available week commencing 18 March. If you'd like any further information, please [get in touch](#).

## UK venture and growth capital

The UK government wishes to boost the economy by making it a more attractive place for companies to start up, and eventually list on a stock exchange. One approach is to steer pension fund money towards venture and growth capital. The ambition for the LGPS is to invest 10% of assets in private equity, with a preference for UK venture and growth capital. But what is this asset class and should the LGPS be considering it? We've outlined our thoughts in a [briefing note](#).

## The finish line is in sight for Scotland

With the statutory deadline looming, final reports are being signed off for the Scottish 2023 valuations. This will be the first time each valuation report will include a Section 13 dashboard and commentary on climate risk. Of course, there is no rest for our actuarial team as preparation for the 2025 and 2026 valuations is already underway! With this in mind, we will be in touch with

all our Scottish funds to set up a feedback meeting, to take all the learnings and experiences from the 2023 valuations and build them into our future plans.

### Scottish Amendment Regulations

[Local Government Pension Scheme \(Scotland\) amendment regulations 2024](#) come into force on 28 March 2024 and will be backdated to 31 March 2023. These amendments cover changes to the CARE annual revaluation date, triennial actuarial valuations, and employer cessation valuations. We welcome these amendments and have produced a [briefing note](#) detailing which regulations have changed along with our thoughts. The change that allows an indicative cessation valuation to replace a final cessation valuation, if actual exit occurs within the subsequent 90 days, can introduce extra risks for a fund. Please speak to your Fund actuary about how these risks can be managed.

### Business planning

With business planning in full flow ahead of the new financial year, this will be a current 'hot topic' for many LGPS funds. If you need a hand, we previously hosted two webinars on the subject. Both are still available and relevant - [webinar 1](#) covered topics such as horizon scanning and stakeholder engagement whilst [webinar 2](#) focussed on success measures, planning for implementation and delivery, and monitoring and reporting.

### Excess deaths – what did we expect?

The Office for National Statistics (ONS) has [announced](#) a new calculation method for estimating excess deaths in the UK. How does the new approach affect the assessment of excess deaths when examining population changes, mortality rate trends, and the impact of the COVID-19 pandemic? Read [Club Vita's blog](#) to find out more.

### FRM – Scotland joins the party and some new features

With the 2023 valuations ending, Scottish funds can now access our self-service Funding and Risk Monitoring (“FRM”) tool that tracks daily whole fund and employer funding analytics on-demand. Following its initial launch on 1 April 2023, we've been enhancing the features that are available with the tool. The latest addition this month allows users to chart daily assumptions for future returns and inflation. Please speak to your Hymans consultant for further details about FRM.

### InflationWatch

LGPS benefits are due to increase in April by 6.7% (based on annual CPI as at September last year). However, since then, inflation has been falling but remains high relative to the Bank of England's target rate. Our latest edition of [InflationWatch](#) looks at market indicators, consensus forecasts around future inflation and our view on whether the risks to the consensus view are tilted to the upside or downside.

### Events, webinars & training

#### Together, stepping into the future of the LGPS: 16 May

Following last month's announcement that we're hosting a LGPS conference on 16 May 2024 in Edinburgh, we're excited to share the [conference agenda](#). The event, which is for LGPS fund officers only, will have a future focus, underpinned by sharing experience, best practice and actionable outputs.

#### LCG Investment Seminar: 14 -15 March

We're looking forward to once again supporting the annual LGC Investment Seminar at Carden Park. Rob Bilton will be looking ahead to the 2025 valuation and will be joined by Richard McIndoe from Strathclyde Pension Fund. [Click here](#) to book your place.

#### LGPS employer training

Our employer training sessions are back for 2024! The next block of sessions is taking place in April and will focus on final pay and assumed pensionable pay and will include dedicated worked example sessions. You can [register interest here](#), or if you have any questions, please get in touch with [Claire McDines](#).

## GAP recruitment opportunity

Our growing LGPS Governance, Administration and Projects (GAP) Team is advertising for a [senior consultant](#). If you have experience of working in, or with, the LGPS and are keen to hear more about this opportunity please contact [susan.black@hymans.co.uk](mailto:susan.black@hymans.co.uk) or your usual Hymans contact.

## In brief...

### Latest inflation figures

The latest ONS release showed that CPI for the year to January 2024 remained steady at 4.0%. RPI for the same period was 4.9%.

### Stewardship and voting

The PLSA has updated its [guidelines](#). They provide a framework for pension funds to ensure that companies are held to account on key issues in the AGM season.

### Dashboards

The [Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2024 \(SI 2024 No. 169\)](#) will, when it comes into force on 11 March, mean that anyone providing pensions dashboards services without FCA authorization will be guilty of an offence.

### McCloud

LGA have published a spreadsheet that calculates the McCloud element of a non-Club transfer value for funds in England and Wales. It's available [here](#). A similar tool for Scottish funds will be available once GAD publishes their transfer guidance.

### ESG

With climate change governance and reporting now widely adopted, a TPR [blog](#) is urging pension funds to think about how they could develop their management and reporting around other ESG risks and opportunities, such as nature and social.

### UK Stewardship Code

The FRC has [announced](#) the successful signatories to the Code following the latest round of applications covering £43.3 trillion of AUM. We're glad to see Hymans and plenty of LGPS funds and pools on the list!

### Pensions tax

The Finance Bill 2023/24 has received Royal Assent to become the Finance Act 2024. It contains the provisions on the abolition of the lifetime allowance that will take effect from 6 April 2024 (amendments to the provisions will be achieved by secondary legislation i.e. regulations).

### TPR restructure

From April, TPR has [announced](#) that it will create three new regulatory functions to help them to deliver good outcomes for savers whilst strengthening their regulatory grip on a rapidly evolving pensions landscape.

### Codes of Practice

The [Pensions Act 2004 \(Codes of Practice\) \(Revocation\) Order 2024 \(SI 2024/273\)](#) does exactly what it says! The Order comes into force on 28 March 2024 to coincide with the expected effective date of TPR's new General Code.

## Appendix

### General Code of Practice checker – available soon

<https://event.on24.com/wcc/r/4526496/329BA00F8CB6EAB12CE7804154EA99BA>

[Andrew.mckerns@hymans.co.uk](mailto:Andrew.mckerns@hymans.co.uk)

### UK venture and growth capital

<https://www.hymans.co.uk/insights/research-and-publications/publication/venture-to-be-wise-uk-venture-and-growth-capital/>

### Scottish Amendment Regulations

<https://www.legislation.gov.uk/ssi/2024/37/introduction/made>

<https://www.hymans.co.uk/insights/research-and-publications/publication/briefing-note-local-government-pension-scheme-scotland-amendment-regulations-2024/>

### Business planning

<https://event.on24.com/wcc/r/3974511/22753AB46F6AC8226EAE27AAAD2BF570>

<https://www.hymans.co.uk/insights/webinars/effective-business-planning-in-the-lgps-session-2/>

### Excess deaths – what did we expect?

<https://blog.ons.gov.uk/2024/02/15/excess-deaths-a-new-methodology-and-better-understanding/>

<https://www.clubvita.net/uk/news-and-insights/what-did-you-expect>

### InflationWatch

<https://www.hymans.co.uk/insights/research-and-publications/publication/inflationwatch-february-2024/>

### Events, webinars & training

[https://www.hymans.co.uk/media/uploads/Hymans\\_Robertson\\_LGPS\\_Conference\\_Agenda.pdf](https://www.hymans.co.uk/media/uploads/Hymans_Robertson_LGPS_Conference_Agenda.pdf)

<https://investmentseminar.lgcplus.com/2024/en/page/book-now>

<https://analytics-eu.clickdimensions.com/hymanscouk-atwsv/pages/phqw2dwoee6qtqaismb06a.html>

[claire.mcdines@hymans.co.uk](mailto:claire.mcdines@hymans.co.uk)

### GAP recruitment opportunity

<https://hymans.current-vacancies.com/Jobs/Advert/3405862?cid=2054&t=Senior-GAP-Consultant>

### In brief...

<https://www.plsa.co.uk/Policy-and-Research/Document-library/PLSA-Stewardship-Voting-Guidelines>

<https://www.legislation.gov.uk/uksi/2024/169/made>

<https://www.lgpsreqs.org/resources/guidesetc.php>

<https://blog.thepensionsregulator.gov.uk/2024/02/21/trustees-take-stock-and-plan-for-wider-esg-risks-and-opportunities/#more-3084>

<https://www.frc.org.uk/news-and-events/news/2024/02/frc-announces-successful-signatories-to-uk-stewardship-code/>



<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2024-press-releases/the-pensions-regulator-makes-strategic-shift-in-its-oversight-of-the-workplace-pensions-market>

[https://www.legislation.gov.uk/uksi/2024/273/pdfs/uksi\\_20240273\\_en.pdf](https://www.legislation.gov.uk/uksi/2024/273/pdfs/uksi_20240273_en.pdf)

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