

Current issues in the LGPS

October 2022

Current market volatility

The extreme [market events](#) that have occurred following the Government's '[mini-budget](#)' at the end of September won't have escaped anyone. Whilst the current situation has significant implications for some private sector pension schemes, LGPS funds will also need to consider what it all means for them. Areas of immediate consideration include the impact on cessation funding positions and whether you need to take any action with your investment strategy. Your Hymans Robertson contact will be picking these up in the coming days.

Climate risk reporting

DLUHC launched its [consultation](#) on climate reporting for LGPS funds on 1 September. The proposals largely follow the same framework that's in place for private sector schemes, with much of the detail to be delivered through statutory guidance. There's an expectation that LGPS pools will do some of the heavy lifting although we are wary of an overly standardised approach at a time when the consideration of, and response to, climate risk continues to develop. We hope that the guidance supports funds in meeting minimum expectations whilst also encouraging innovation and leadership; a key outcome has to be higher standards of stewardship and accountability.

LGPS guarantee for Colleges?

The Department for Education (DfE) is currently investigating the feasibility of offering a guarantee for all Further Education and Sixth Form Colleges and Designated Institutions in England to help them manage the costs of LGPS participation. We understand that the guarantee would be similar to the current Academy Schools guarantee, with funds being able (or expected!?) to recognise the additional strength in covenant it would provide. The Government Actuary's Department (GAD) recently requested data from fund actuaries in order to provide advice to DfE, and SAB have also sent a note to all administering authorities with further information. The challenge for DfE, GAD and SAB will be getting the work done and a guarantee in place (if it's deemed feasible and appropriate) before the 2022 valuation rates are signed off. We expect to hear more news on progress in the coming months.

Creating an effective business plan

It's hard to believe we are now in early October – Halloween is around the corner and Christmas is not far behind. It's also about the time LGPS funds should start to think about the initial stages of their business planning cycle. There are a number of stages to the successful implementation and delivery of a business plan. In this [short video](#), Kate Dickson talks through the benefits of business planning; the business planning cycle; and what funds can do in preparation. We're also going to be running a business planning webinar on 10 November to explore these areas in more detail – please register [here](#).

Unleash your Funding Strategy Statement!

The English and Welsh SAB is consulting on changes to CIPFA Guidance relating to Funding Strategy Statements via a survey to LGPS funds. It is unlikely that revisions to the guidance will impact the 2022 iterations of the FSSs and we expect new guidance to be in place before the 2025 valuation. LGPS funds should continue to prepare their FSSs for consultation with employers in the autumn. In his Public Finance [article](#), Steven Scott explains how funds can unleash the potential of their FSS at the 2022 valuation.

2022 valuation – next webinar

After [whole fund results](#), the 2022 valuation now moves onto employer level results. The next webinar in our 2022 valuation series is on 7 October and will focus on the emerging themes for employer results. The webinar will also discuss what the current high inflation environment and current market volatility means for funding and your investment strategy. You can sign up for the webinar [here](#).

2022 LGPS National Knowledge Assessment – now live!

The [2022 NKA assessment](#) of LGPS Committee and Board members is now live! This is the 2nd edition of this assessment and will provide participant funds with a unique analysis of existing knowledge and skills. Due to recent Committee meetings being cancelled, we have extended the sign-up time for funds that would like to take part in this benchmarked knowledge assessment. Please get in touch with Andrew.Mckerns@hymans.co.uk if you would like your fund to take part.

Annual Allowance tax seminar – final reminder

Dealing with annual allowance questions from members can be a significant call on resource. To support funds, we are running a popular series of annual allowance seminars for high earners. The sessions provide an overview of the complexities of the annual allowance, the HMRC tax return process and provide the opportunity for participants to ask questions. Our final seminar takes place on 19 October, from 10.00 am and will last around 1 hour 30 minutes. Please register your interest [here](#) if you would like your members to attend.

Highlights from LGC Leeds summit

The annual LGC Investment and Pensions summit in Leeds took place early in September and focused on delivering pensions in a high inflationary, unstable and challenging environment. You can read a summary of the sessions in our [conference highlights](#).

LGC Investment Seminar Scotland

We're looking forward to attending the annual LGC Investment Seminar in Edinburgh on 20 – 21 October. Our very own Philip Pearson will be chairing the event and Iain Campbell is delivering a session which will explore investment opportunities in the current economic climate. [Click here to register](#) - we hope to see lots of you there!

In brief....

- Following further ministerial reshuffling at DLUHC, **Simon Clarke** is the new Secretary of State for Levelling Up, Housing and Communities. **Paul Scully** was reappointed as the Minister for State with responsibility for local government finance, so will be directly responsible for LGPS matters.
- The Government Actuary's Department (GAD) has [confirmed](#) that it will recommence 'broad comparability' assessments in full this autumn, now that there is greater certainty over McCloud remedies.
- We understand that the judicial review of the McCloud remedy is likely to happen at the end of January or early February next year.
- It appears that DLUHC are working again on a couple of outstanding areas, one on ['new' Fair Deal](#) and the other on [local government exit payments](#). Recent updates to the webpages suggest that new consultations will be launched at some point.

Appendix

Current market volatility

<https://www.hymans.co.uk/insights/research-and-publications/publication/update-on-the-uk-gilt-market/>

<https://www.hymans.co.uk/insights/research-and-publications/publication/kwasi-budget-makes-waves/>

Climate risk reporting

<https://consult.levellingsup.gov.uk/local-government-finance/lgps-england-and-wales-climate-risk/>

Creating an effective business plan

<https://vimeo.com/756875789>

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

Unleash your Funding Strategy Statement!

<https://www.publicfinance.co.uk/opinion/2022/09/unleashing-the-funding-strategy-statement>

2022 valuation – next webinar

<https://www.hymans.co.uk/insights/research-and-publications/publication/sixty-second-summary-2022-valuation-results-early-insights/>

<https://event.on24.com/wcc/r/3950172/01A7072C4FF888B44849C0E5EB1DB705>

2022 LGPS National Knowledge Assessment – now live!

<https://vimeo.com/745321398>

Annual Allowance tax seminar – final reminder

<http://web.hymans.co.uk/hymanscouk-atwsv/pages/iovk1wiie2c5qanoodzog.html?PageId=d7e48b220802ed1182e5000d3a8759a2>

Highlights from LGC Leeds summit

https://www.hymans.co.uk/media/uploads/Conference_Highlights_-_LCG_Conference_Highlights_8-9_Sept_2022.pdf

LGC Investment Seminar Scotland

<https://www.eventbrite.co.uk/e/lgc-investment-seminar-scotland-2022-registration-383835882457?aff=LGCINVSCOTWEBSITE>

In brief...

https://www.gov.uk/government/news/broad-comparability?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=e95a4611-455c-442e-a5c2-22d21d544bb0&utm_content=daily

<https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection#full-publication-update-history>

<https://www.gov.uk/government/consultations/reforming-local-government-exit-pay>