

Report for: Pensions Committee and Board – 30 September 2024

Item number:

Title: LGPS Update

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. This report provides the Pensions Committee and Board (PCB) with an update on several important issues related to the Local Government Pension Scheme (LGPS) at a national level. The issues covered in this paper are:
- a. Update on the Consultation outcome of November 2023
 - b. The Ministerial Letter of 15 May 2024
 - c. New Government Ministers
 - d. The new Government and the LGPS
 - e. Annual Pension Fund Report
 - f. LGPS Accounts and Audit
 - g. Review of 2022 Actuarial Valuations by the Government Actuary

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

- 3.1. The Pensions Committee and Board is recommended to note the Independent Advisor's, LGPS Update, September 2024 paper, appended as Appendix 1 to this report.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

- 6.1. The Independent Advisor has prepared a paper for the Pensions Committee and Board (PCB) that provides an update on several developments relating to the LGPS. The paper has been included as Appendix 1 to this report, and this section will provide a summary of the issues covered in the paper.

Update on the Consultation outcome of November 2023

- 6.2. On November 22, 2023, the Government issued its Consultation Outcome response, outlining its intended course of action. Haringey Council submitted a response to this consultation.
- 6.3. Implementation of the changes outlined in the Consultation outcome requires updates to LGPS regulations or new Statutory Guidance. At the time of the General Election, these necessary regulatory updates had not been issued.
- 6.4. Further details of the implications of the Consultation outcome are set out on pages 1-2 of Appendix 1 to this paper.

Ministerial Letter of 15 May 2024

- 6.5. On May 15, 2024, the then Local Government Minister, Simon Hoare MP, sent a letter to all Chief Executives and Chief Finance Officers of LGPS administering authorities in England. The letter requested information on LGPS fund and asset pool efficiency measures. Responses were due by 19 July 2024. Haringey Council submitted a response to this letter.
- 6.6. Further details related to this letter are set out on page 2 of Appendix 1 to this paper.

New Government Ministers

- 6.7. Following the July 2024 General Election, the Department for Levelling Up, Housing and Communities (DLUHC) has reverted to its former name: the Ministry of Housing, Communities and Local Government (MHCLG).
- 6.8. The most significant change, in addition to the new ministerial appointments, was the creation of a joint ministerial role between the Treasury and the Department for Work and Pensions (DWP) for the first time ever. This appointment signals a clear desire by the new Government to coordinate pensions policy more closely.
- 6.9. Further details related to the new ministerial appointments are set out on page 3 of Appendix 1 to this paper.

The new Government and the LGPS

- 6.10. The new Labour Government introduced a Pension Schemes Bill as part of the King's Speech on 17 July 2024. Subsequently, on July 20, 2024, the Chancellor issued a Government Press Release, announcing a landmark review aimed at boosting investment, increasing pension pots, and tackling waste in the pensions system.
- 6.11. The first phase of the Pensions Review will focus on developing policy in four key areas, as outlined on page 4 of Appendix 1. As part of this initial phase, the government has published a Call for Evidence, open until 25 September 2024.
- 6.12. This call seeks responses on two main topics: LGPS asset pooling and investment in UK assets.

6.13. Further details on the implications of this pensions review are set out on pages 3-5 of Appendix 1 to this paper.

Annual Pension Fund Report – Updated Guidance

6.14. The updated Statutory Guidance for LGPS Fund Annual Reports was issued on 28 March 2024, replacing the previous 2019 CIPFA guidance. The new guidance applies to 2023/24 annual reports and later years, with some flexibility in terms of its application for the 2023/24 reporting period.

6.15. Further details on the key changes and implications of this updated guidance are set out on pages 5-7 of Appendix 1 to this paper.

LGPS Accounts and Audit

6.16. The LGPS Pension Fund Accounts in England are currently part of the overall Statement of Accounts of their Administering Authorities. This integration is causing widespread delays across England in the approval of Pension Fund Accounts. This is because the Pension Fund Accounts can only receive formal approval after the External Auditor approves the main Council Accounts.

6.17. The Scheme Advisory Board (SAB) has recommended separating Pension Fund Annual Accounts in England from those of their Administering Authority, as already implemented in Wales and Scotland. In February 2023, the Minister responsible for LGPS indicated that the Government was actively considering this recommendation. However, as of March 2024, no progress had been made on separating the accounts.

6.18. Further details on the implications of the delays related to LGPS Accounts and Audit are set out on pages 7-9 of Appendix 1 to this paper.

Review of the 2022 Actuarial Valuations by the Government Actuary

6.19. The Government Actuary's Department (GAD) published its review of the 2022 LGPS Actuarial Valuations, assessing compliance, consistency, solvency, and long-term cost efficiency. The review showed that the overall LGPS funding position has improved since 2019, with the aggregate funding level increasing from 98% to 106%.

6.20. Further details on the key findings and recommendations are set out on pages 9-13 of Appendix 1 to this paper.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Carbon and Climate Change

8.1. Not applicable

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

9.1. There are no immediate financial implications arising from this report.

Assistant Director for Legal and Governance [Patrick Uzice, Principal Lawyer]

- 9.2. The Assistant Director for Legal and Governance (Monitoring Officer) has been consulted on the contents of this report. This report deals with a number of updates which members should note and may have implications for the administration of the Pension Fund.

Equalities

- 9.3. Not applicable.

10. Use of Appendices

- 10.1. Appendix 1: Independent Advisor's LGPS Update

11. Local Government (Access to Information) Act 1985

- 11.1. Not applicable.