

**CAMBRIDGESHIRE PENSION
FUND**



Pension Committee

Date: 29 June 2017

Report by: Head of Pensions

Subject:	Governance and Legislation Report
Purpose of the Report	To provide the Pension Committee with: 1) Information on potential, new or amending legislation affecting the LGPS; 2) Information on other pensions legislation; 3) Activities of the LGPS Scheme Advisory Board and Pensions Regulator; 4) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and 5) Skills and knowledge opportunities.
Recommendations	That the Pensions Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 This is a standing report that identifies issues concerning the governance of the Local Government Pension Scheme (LGPS) and also potential, new, amending and overriding legislation that will have an impact on how the Scheme is managed and on members' benefits.

2. Potential changes to LGPS Regulations

2.1 Cohabiting Partners Pensions

- 2.1.1 The UK's Supreme Court has ruled that a provision in Northern Ireland's Local Government Pension Scheme (LGPS) that prevented the cohabiting partner from receiving a survivor's pension, unless the member had nominated her, unlawfully infringed upon her human rights. The ruling could have direct implications for other public-service pension schemes, such as the LGPS for England and Wales, many of which have similar nomination requirements.

- 2.1.2 The LGPS in England and Wales are currently awaiting guidance from DCLG as to whether past cases where a financially interdependent partner was not paid a cohabiting partners pension due to the absence of the nomination form will need to be revisited and potentially become payable.

3. Other pensions legislation

3.1 Pension advice allowance payment

- 3.1.1 The Government have published the Registered Pension Schemes (Authorised Payments) (Amendment) Regulations 2017 (SI2017/397) which introduce a new type of authorised payment, the pension advice allowance payment (PAAP) from 6 April 2017.
- 3.1.2 The new payment allows an individual to use up to £500 from their pension pot to pay towards the cost of receiving retirement financial advice and/or the cost of implementing such advice.
- 3.1.3 Whilst LGPS members will not be able to take such a payment from their main scheme benefits, it may be possible that an individual could take a PAAP from their in-house AVC fund subject to the AVC provider being able to facilitate this.

3.2 Independent review of the State Pension age

- 3.2.1 On 23 March, John Cridland published the final report of his independent review of the state pension age. The report was commissioned by the Government to fulfil its duties under the Pensions Act 2014 to undertake a review of the state pension age each parliament.
- 3.2.2 The report looked at the key issues that drive State Pension age changes including, but not limited to:
- life expectancy
 - the challenges faced by those who rely most on the State Pension
 - the long-term financial sustainability of the system
- 3.2.3 The report's recommendations include:
- the State Pension age should rise to 68 between 2037 and 2039
 - the State Pension age should not increase more than 1 year in any 10 year period, assuming that there are no exceptional changes to the data used
 - that the 'triple lock' be withdrawn in the next Parliament.
- 3.2.4 In addition, a GAD report has been published which considers how State Pension age timetables might need to change beyond 2028, based on projections of life expectancy in future years. Both reports will inform the Government's review of the state pension age, which was due in May 2017.

4. Activities of the LGPS Scheme Advisory Board

4.1 DCLG letter to SAB on late retirement factors

- 4.1.1 The local government Minister, Marcus Jones, has asked the scheme advisory board for the LGPS in England and Wales to explore the scope for improving the way in which late retirement factors are applied to active members who retire after their normal retirement age.
- 4.1.2 This follows concerns about the suitability of the underlying salary growth assumption compared to actual salary growth of this particular demographic and whether applying the factors at a single point in time on retirement to the whole period after normal pension age is the most appropriate way of awarding additional pension. The Minister has asked the Board to submit any recommendations by September 2017.

5. The Pensions Regulator – Public service governance and administration survey

- 5.1 On 16 May 2017 the Pensions Regulator issued the results of their public service governance and administration survey that took place at the end of 2016.
- 5.2 The Pensions Regulator's findings from this survey can be found at the link below. A full report on this Fund's performance against the rest of the public service and the expectations of the Pensions Regulator will be presented to the Pension Committee at the next meeting.

<http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2017.pdf>

6. Governance of the Local Government Pension Scheme (LGPS) on a local basis

6.1 Election for Pension Committee non-local authority employers' representative

- 6.1.1 Following an election process to recruit a non-local authority employer representative to the Pension Committee, the successful candidate is Tracy Roden from Cambridge Regional College. This position replaces Gareth Deeble whose temporary appointment ceased on 31 March 2017.

6.2 Section 151 Representative on the Pensions Committee

- 6.2.1 Following the departure of Steven Pilsworth from the Pensions Committee in March 2017. The new section 151 representative is Clive Mason from Huntingdonshire District Council.

7. Skills and knowledge opportunities.

7.1. Training Events

- 7.1.2 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pensions Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 7.1.3 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix 1 lists all events that are deemed useful and appropriate.
- 7.1.4 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

8. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

9. Finance & Resources Implications

- 9.1 Not applicable

10. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report		Green

- b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
That the Committee are ill-informed about important consultations and changes affecting the Fund they are responsible for	Red

administering	
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11. Communication Implications

Training	All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme.
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12. Legal Implications

12.1 There are no legal implications connected to the contents of this report.

13. Consultation with Key Advisers

13.1 There has been no requirement to consult with advisers over the content of this report.

14. Alternative Options Considered

14.1 There are no alternative options to be considered.

15. Background Papers

15.1 Not applicable

16. Appendices

16.1 Appendix 1 - List of training events/conferences

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood–15 June 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 30 May 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 15 June 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker– 9 June 2017

Internal/External training and events 2016-17

The list of training events will be updated as we become aware of definitive dates and new events. We will also continue to email details of the training events as soon as we are notified where we feel members of the Pension Committee, Investment Sub-Committee and Local Pension Board will benefit from attending.

Date	Event	Training Credits	Target Audience
2 - 3 March 2017	LGC Investment Seminar	4	Officers, Committee/Board Members
7 April 2017	Data – 2017 (Pensions Age / ITM)	2	Officers
15-17 May 2017	PLSA LA Conference	4	Officers, Committee/Board Members
16 June 2017	Schroders Trustee Training - Introductory	2	Officers, Committee/Board Members
28 June 2017	Local Pension Board – Two years on Conference	2	Board Members
29 -30 June 2017	14 th Annual LGPS Trustees Conference	4	Officers, Committee/Board Members
4 – 5 July 2017	CLASS Annual Conference	2	Officers
4 – 6 July 2017	LGA Annual Conference & Exhibition	4	Officers, Committee/Board Members
12 July 2017	CIPFA Pensions Network – Governance in a changing environment	2	Officers
12-13 July 2017	CIPFA Annual Conference	4	Officers, Committee/Board Members
3 September 2017	Schroders Trustee Training – Advanced	2	Officers, Committee/Board Members
7 -8 September 2017	LGC Investment Summit	4	Officers, Committee/Board Members
19 September 2017	Local Pension Board Seminar	2	Board Members
18 – 20 October 2017	PLSA Annual Conference and Exhibition	4	Officers, Committee/Board Members
7 November 2017	UBS First steps seminar	2	Officers, Committee/Board Members
8 November 2017	Local Pension Board Seminar	2	Board Members
22 November 2017	UBS Second steps seminar	2	Officers, Committee/Board Members
21 – 22 November 2017	Pension Managers Annual Conference	4	Officers, Committee/Board Members
6-8 December 2017	LAPFF Annual Conference	4	Officers, Committee/Board Members

