

## **LGPS Update**

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

Recommendation: that the Board be asked to note the developments in the LGPS

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### **1. Summary**

- 1.1 This report is brought to the Pension Board to provide an update on the latest developments affecting the LGPS.

### **2. Academy guarantee to continue**

- 2.1 In 2013, the Government introduced the academy guarantee. The guarantee provides that, in the event of an academy closing, any outstanding liabilities will not revert to the LGPS fund.
- 2.2 Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.
- 2.3 The Government confirmed on 21<sup>st</sup> July 2022 that they will continue to provide the guarantee.

### **3. McCloud update**

- 3.1 In DLUCH, work continues on the steps to rectify the discrimination as it affects the LGPS in England and Wales. Later this year the government intends to publish its response to the 2020 consultation. Alongside this they will publish an updated version of the draft regulations implementing the McCloud remedy.
- 3.2 To ensure the updated draft regulations are accurate in light of the changes made, they will be subject to a further period of consultation early 2023. At the time, the government will consult on further aspects that were not covered in the 2020 consultation (e.g. compensation and interest).

3.3 Regulations will be made later in 2023 and will come into force 1<sup>st</sup> October 2023.

#### **4. Consultation on reporting of climate related risk**

4.1 In early September the Department for Levelling-Up, Housing and Communities issued a consultation on governance and reporting of climate change risks within the Local Government Pension Scheme. This consultation has been anticipated for some time, although it had been expected that it would be combined with a number of other issues which have yet to be consulted on.

4.2 The consultation is based on the recommendations of the Taskforce for Climate-related Financial Disclosures or TCFD. The TCFD was created in 2015 by the Basel-based Financial Stability Board (FSB) whose role, since its establishment in 2009 after the global financial crisis, is to promote international financial stability. The TCFD's focus is reporting on the impact an organisation has on the global climate. It seeks to make firms' climate-related disclosures more consistent and therefore more comparable.

4.3 The consultation sets out proposals that will require LGPS Administering Authorities to publish climate-related disclosures broadly in line with TCFD. The full consultation document can be found at:  
<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks>

4.4 The Devon Fund already does a lot of work on the areas covered by the consultation and has included reporting on the Fund's carbon footprint in the Annual Report over the last two years. The new regulations will require the Fund to build on the work already being done, providing additional detail. The Brunel Pension Partnership has been at the forefront of how the investment industry responds to climate change, so we should be well placed to meet the requirements of the new proposed regulations and guidance.

4.5 A response to the consultation was approved by the Investment and Pension Fund Committee on 4<sup>th</sup> October 2022, and has been submitted to DLUHC. The response is attached as Appendix 1 to this report. Broadly speaking, the response welcomes the proposals, with more detailed comments on the specific questions.

## **5. Conclusion**

- 5.1 The Pension Board is asked to note the issues and developments of the LGPS outlined in the report.

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Electoral Divisions: All

Local Government Act 1972:  
List of Background Papers: Nil  
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