

	Pension Board 24 July 2023
	Report from the Corporate Director, Finance and Resources
LGPS Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Seven: Appendix 1 - Next steps on investments consultation – summary of key proposals Appendix 2 - LGPC Bulletin – Annual Revaluation Appendix 3 - LGPC Bulletin – Annual Update March 2023 Appendix 4 - LGPC Bulletin – March 2023 Appendix 5 - LGPC Bulletin – April 2023 Appendix 6 - LGPC Bulletin – May 2023 Appendix 7 - LGPC Bulletin – June 2023
Background Papers:	N/A
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1.0 Purpose of the Report

- 1.1 The purpose of this report is to update the committee on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment

and any recent consultations issued which would have a significant impact on the Fund.

2.0 Recommendation(s)

2.1 The Committee is asked to note the recent developments in the LGPS.

3.0 Detail

Annual revaluation date change

3.1 On 9 March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) laid the LGPS (Amendment) Regulations 2023.

3.2 The changes, consulted on in February 2023, remove the impact of high inflation on the annual allowance (AA) and reduce the number of members incurring a tax charge. The regulations move the annual revaluation date from 1 April to 6 April. The regulations are effective from 31 March 2023.

3.3 From the tax year 2023/24 onwards, the inflationary increase used in the AA calculation and the annual revaluation will both use the same CPI inflation figure. For the tax year 2023/24 this will be 10.1 per cent. Bulletin 234A is a special bulletin which focuses on this issue.

State Pension age review

3.4 On 30 March 2023, the Department of Work and Pensions (DWP) published its 2023 review of the State Pension age. The State Pension age is currently age 66 and will rise to age 67 between 2026 and 2028 before rising again to age 68 between 2044 and 2046.

3.5 The 2023 review confirms the rise to age 67 between 2026 and 2028 is still appropriate and plans to have a further review within two years of the next Parliament to consider whether the rise to age 68 should occur earlier. Currently, the date at which you can take your LGPS pension is linked to the State Pension age.

Gender pensions gap report

3.6 On 29 March 2023, the Scheme Advisory Board (SAB) published a report¹ on the gender pensions gap in the LGPS from the Government Actuary's department. The report provides an initial overview of the gender pensions gap in the LGPS, based on data from the 2020 scheme valuation.

3.7 This has shown that the difference between men and women as to their accrued benefits in the Local Government Pension Scheme is 34.7% for benefits in the reformed CARE scheme and 46.4% for benefits in the legacy final salary scheme (in favour of men). The Board notes that these findings need to be

¹ https://lgpsboard.org/images/Reports/2023/GADGenderPensionGapReport_Jan2023.pdf

interpreted with caution and will do further work to understand the data and investigate causes, as well as considering possible next steps.

LGPS Consultation on next steps on investments

- 3.8 The Department for Levelling Up, Housing and Communities (DLUHC) published its consultation on proposals relating to the investments of the LGPS on 11 July 2023.
- 3.9 This consultation seeks views on the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.
- 3.10 A summary of the proposals included in the consultation has been attached as Appendix 1 to this report. The full consultation is available on DLUHC's website.²
- 3.11 This consultation will last for 12 weeks from 11 July 2023 to 2 October 2023. Officers, in consultation with the Fund's advisors, intend respond to the consultation on behalf of the Brent Pension Fund before the consultation closes. Members of the board are invited to note this development and offer any comments they may have.

4.0 Financial Implications

- 4.1 This report is for noting, so there are no direct financial implications.

5.0 Legal Implications

- 5.1 Not applicable.

6.0 Equality Implications

- 6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

8.0 Human Resources

- 8.1 Not applicable.

² <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/local-government-pension-scheme-england-and-wales-next-steps-on-investments>

Report sign off:

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