

The background of the slide features the coat of arms of the Government of Nunavut. It is a shield divided into four quadrants. The top-left quadrant shows a yellow cross on a blue background. The top-right quadrant shows a white caribou head on a blue background. The bottom-left quadrant shows a white sailing ship on a blue background. The bottom-right quadrant shows a white eagle on a blue background. Above the shield is a crown with four white flowers. Below the shield is a banner with the text "ANE FOR A'".

Agenda Item 4

General Governance Matters

Falkirk Council

Subject: General Governance Matters

Meeting: Joint Meeting of Pensions Committee and Pension Board

Date: 1 December 2022

Submitted by: Director of Transformation, Communities & Corporate Services

1. Purpose of Report

- 1.1 This report updates the Committee and Board on miscellaneous matters related to Falkirk Pension Fund business.

2. Recommendations

- 2.1 **The Pensions Committee and Board are invited to note the contents of this report.**

3. Pensions Dashboard

- 3.1 The UK Pensions Dashboard Programme aims to provide a digital platform which will enable people to access information about all of their pension savings, including their State Pension, in one place.
- 3.2 On 17 October 2022, the Department for Work and Pensions (DWP) laid a draft of The Pensions Dashboard Regulations 2022 before each House of Parliament. DWP can only make the regulations if each House approves the draft by a resolution. The House of Lords will consider the regulations on 15 November 2022. At the time of writing this report no date had been set for the House of Commons.
- 3.3 The draft Pensions Dashboards Regulations 2022 propose allowing trustees/managers of a pension scheme to apply to DWP to defer their staging deadline and DWP has produced the draft guidance on the application process. DWP may only agree to defer the staging deadline once for each scheme and for a period of up to 12 months.
 - 3.3.1 The Fund is currently on track to meet its staging date of 30 September 2024.

3.4 The DWP has also confirmed it will:

- Give pension schemes six months' notice of the point at which pensions dashboards will be available to the public, the 'Dashboard Available Point'. This is an increase to the 90 days that was proposed in the consultation.
- Go ahead with the proposal to allow the Money and Pensions Service and the Pensions Regulator to share information about dashboards.

4. September 2022 CPI rate announced

- 4.1 On 19 October 2022, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2022 as 10.1%.
- 4.2 Public service pensions are increased under the provisions of the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975. The latter provides for public service pensions to be up-rated at the same time and by the same percentage as the increase in the additional pension provided under the State Earnings Related Pension Scheme (SERPs), which is based on the September-to-September increase in the Consumer Prices Index (CPI) . The underlying purpose of this legislation is to maintain the purchasing power of state retirement and public service pensions.
- 4.3 Increases to deferred pensions and pensions in payment take place on the first Monday following 5 April each year and like the state retirement pension, do not change if the movement in CPI is negative.
- 4.4 The CARE pension built by active scheme members is revalued by the change in CPI each 1 April but unlike deferred pensions and pensions in payment if the movement in CPI is negative, the value of the CARE pension will go down.
- 4.5 Whether or not the revaluation and pensions increase that will apply will be 10.1% will be confirmed by the Government in Q1 of 2023.

5. Pensions Regulator Annual Return and Data Quality Scores

- 5.1 The annual Fund return for the Pensions Regulator was submitted on 31 October 2022 ahead of the November deadline.

- 5.2 As part of the annual return, the Regulator requires information on the Fund's data quality. Data is classed as either "common" or "scheme specific" data. Common data is data that should be held for all members (e.g. name, date of birth, address, etc.). Scheme specific data is data that can vary from member to member depending on individual circumstances (e.g. years of pensionable service, transfers in etc.).
- 5.3 The data quality scores reported to the Regulator over the past 5 years are as follows:

	2018	2019	2020	2021	2022
Common Data	91%	98%	99%	99%	99%
Scheme Specific Data	76%	86%	87%	88%	90%

- 5.4 The majority of data now failing relates to longer standing pensioners where less comprehensive member records have been maintained. The missing data is not material to the calculation of member benefits.

6. Governance and reporting of climate change risks

- 6.1 From 1 October 2022 trustees of private sector pension schemes with net relevant assets of £1 billion or more need to demonstrate in their annual climate change (or TCFD) report that they have identified, assessed, and managed climate-related risks and opportunities.
- 6.2 A consultation is underway to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).
- 6.3 The consultation proposes that LGPS administering authorities would calculate the 'carbon footprint' of their assets and assess how the value of each fund's assets or liabilities would be affected by different temperature rise scenarios, including the ambition to limit the global average temperature rise to below 2 degrees set out in the Paris Agreement. It additionally proposes that administering authorities should report on this annually, and that these reports will be summarised in an LGPS-wide report, including the overall carbon emissions of the scheme.
- 6.4 The consultation closed on 24 November with a view to bringing regulations into force during 2023. It is also intended that high level statutory guidance will accompany the changes to regulations.
- 6.5 Officers will monitor developments in this area as it is customary for the LGPS in Scotland to follow the same reporting requirements.

7. Future Committee / Board Meeting Date

7.1 The next meeting of the Committee and Board is scheduled for 16 March 2023.

8. Implications

Financial

8.1 There are no additional financial implications arising from this report.

Resources

8.2 No additional resources are required at this time.

Legal

8.3 There are no legal issues arising from this report.

Risk

8.4 This report brings future developments that could affect the LGPS in Scotland to the attention of the Pensions Committee and Pension Board. The monitoring of developments within the pensions arena enables arising risks to be identified and for forward planning to address these risks.

Equalities

8.5 There are no equality issues arising from this report.

Sustainability/Environmental Impact

8.6 There are no sustainability/environmental issues arising from this report.

9. Conclusion

9.1 In summary there are a diverse range of issues for the Fund and the LGPS which the Pensions Committee and Board should be aware of.

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Date: 22 November 2022

Appendices

None

Background papers

None