

Current Technical Issues

Pension schemes newsletter 136

HMRC published Pension schemes newsletter 136 on 17 January 2022.

The newsletter gives several important updates on the Managing Pension Schemes service, such as:

- when the feature for migrating pension schemes will be made available on the service
- plans to allow administrators to import data directly from spreadsheets when compiling Accounting for Tax returns
- what administrators should be doing to start preparing to migrate their schemes to the service, and
- when administrators will no longer be able to compile and submit Accounting for Tax returns on the Pension Schemes Online service.

On 18 January 2022, Rachel Abbey forwarded an email covering these updates on behalf of HMRC to administering authorities.

The newsletter also includes articles:

- giving further information about the plans to increase the normal minimum pension age from 55 to 57 on 6 April 2028
- reminding scheme administrators dealing with overseas transfers to check that the receiving scheme meets the conditions to be a recognised overseas pension scheme, and
- on the proposed changes to the scheme pays reporting deadlines.

Action for administering authorities

WYPF will review the updates to the Managing Pension Schemes service and take any actions as appropriate.

TPR encourages schemes to report pension scams

On 18 January 2022, TPR published a press release about pension scams. TPR believe that too few schemes are reporting suspected pension scams.

Nicola Parish, TPR's Executive Director of Frontline Regulation, said:

“We've seen little evidence that the pensions industry is reporting its suspicions and this lack of data makes it difficult to accurately determine the scale of the problem and put in place successful interventions.”

See the Avoid pension scams page of TPR's website for information on how to report suspected scams.

PDP blog on supporting a market for dashboard providers

The Pensions Dashboards Programme (PDP) recently published a blog called ‘Supporting a market for pensions dashboard providers’. The blog sets out PDP’s aim to grow the dashboard provider market and the benefits of multiple dashboards. The blog also signposts potential dashboard providers to information and asks them to register their interest.

Research report on dashboards published

The Pensions Dashboard Programme (PDP) published a report from Ipsos Mori on 25 January 2022. The PDP had commissioned Ipsos Mori to undertake qualitative research on the attitudes of potential dashboard users, their circumstances, behaviours and views of the dashboard concept.

On the same day, Rita Patel, Lead Analyst for the PDP, published a blog summarising the report’s main findings, which are:

- respondents reacted almost uniformly positively to the concept of dashboards
- respondents expect to see value information, both accrued and projected
- a find-only dashboard, which located pensions without displaying values, was of limited appeal
- a phased or partial service could negatively affect dashboards’ reception
- dashboard users need to know what the service can and cannot do for them, as well as having clear signposting of government backing, in order to increase trust in its security.

DLUHC Levelling Up White Paper

On 2 February 2022, the Department for Levelling Up, Housing and Communities (DLUHC) published the [Levelling Up White Paper](#). The paper includes the Government’s intention to ask LGPS pension funds, working with the asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5 percent of assets invested in projects which support local areas. We understand that ‘local’ refers to UK projects, rather than to projects local to a particular administering authority.

We expect DLUHC to issue a consultation before the Parliamentary summer recess. We understand that consultation will also cover climate risk and reporting regulations and pooling guidance.

Change to DLUHC email addresses DLUHC email addresses have changed from @communities.gov.uk to @levellingup.gov.uk. The general contact address is now lgpensions@levellingup.gov.uk. There will be a period of transition during which both domains will work

HMRC Pension Schemes Newsletter 137

On 28 February 2022, HMRC published [Pension Schemes Newsletter 137](#). The newsletter contains:

- an article on the impact of the McCloud remedy on members of unfunded public service pension schemes with fixed or enhanced protection, including those who lost that protection on joining a reformed scheme in 2015
- a request that you remind pension scheme members to tell HMRC in writing as soon as possible if they have lost their lifetime allowance protection
- an update on the Managing Pension Schemes service:
 - the feature for migrating pension schemes will be available from 11 April 2022
 - schemes must be [enrolled on the Managing Pension Schemes service](#) to be able to migrate
 - schemes must provide up to date information to migrate. You can find the information in Appendix A of [Pension Schemes Newsletter 136](#)
- an update on submitting Accounting for Tax returns on the Pensions Schemes online service.

HMRC will provide further guidance on the new features being added to the Managing Pension Schemes service on 11 April 2022.

Please email migration.mps@hmrc.gov.uk if you have any questions about or feedback on the Managing Pension Schemes service.

Finance Act 2022 receives Royal Assent

The Finance Act received Royal Assent on 24 February 2022. The provisions of the Act relevant to the LGPS are summarised below.

Clause 9: Annual allowance deadlines

Deadlines for electing for scheme pays and associated payment and reporting deadlines will be extended for certain members who are informed of a change in pension input amount for a past pension input period.

Clause 10: Normal minimum pension age

The normal minimum pension age will increase from 55 to 57 from 6 April 2028. This will not apply to members of uniformed services pension schemes. The Act provides for protected pension ages for members who meet the entitlement condition. We do not yet know whether DLUHC and SPPA intend to amend the LGPS regulations to introduce a protected pension age.

Clause 11: Power to change tax rules related to the McCloud remedy

The Act provides HM Treasury with the power to make regulations to address tax impacts that arise as a result of implementing the McCloud remedy. Different regulations may apply to different public service pension schemes. The regulations will have retrospective effect.

DWP Consultation on draft pensions dashboards regulations

DWP published a consultation on the draft Pensions Dashboards Regulations on 31 January 2022. The consultation will run for six weeks and close on 13 March 2022. We will be responding to the consultation on behalf of the LGPC and the LGA.

Pensions dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. These draft regulations set the requirements to be met to deliver this and will place a legal duty on pension providers to provide information to the dashboards.

The consultation proposes a staging deadline of the end of April 2024 for public service pension schemes, including the LGPS. This means that LGPS administering authorities will need to be able to connect to the digital architecture by this date and be ready to provide individuals' data to them via the dashboards.

Our response will express concern about LGPS administering authorities' ability to meet the staging deadline given the other pressures they face.

We expect the McCloud remedy regulations to come into force from 1 October 2023. LGPS administering authorities will already be under huge pressure at this time to revisit calculations in respect of leavers since 1 April 2014, including:

- recalculating member and survivor pensions, paying arrears and interest
- dealing with the resulting pension tax implications
- recalculating deferred benefits and concurrent calculations
- exchanging service information with other administering authorities for members who have transferred
- potentially re-visiting past trivial commutation payments, CETVs, death grants and Club transfers.

TPO New factsheets published

The Pensions Ombudsman (TPO) has published three new member factsheets this month:

Pension scams: what a member should do if they think they have been scammed and what TPO can do if they have a complaint about a scam.

Ill health pensions: general information about ill health pensions and how to make a complaint.

Death benefits: general information about death benefits and how to make a complaint. You can find these and other TPO publications on the Publications page of the TPO website.

If you would like to receive regular updates from TPO about publications and other news, please contact stakeholder@pensions-ombudsman.org.uk.

Employee contribution rates

The table below shows the pay ranges and corresponding employee contribution rates that apply to the LGPS in England and Wales from 1 April 2022.

Employee contribution bands England and Wales 2022/23

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1.	Up to £15,000	5.50%	2.75%
2.	£15,001 to £23,600	5.80%	2.90%
3.	£23,601 to £38,300	6.50%	3.25%
4.	£38,301 to £48,500	6.80%	3.40%
5.	£48,501 to £67,900	8.50%	4.25%
6.	£67,901 to £96,200	9.90%	4.95%
7.	£96,201 to £113,400	10.50%	5.25%
8.	£113,401 to £170,100	11.40%	5.70%
9.	£170,101 or more	12.50%	6.25%

Employers must determine the employee contribution rate for each employee from 1 April 2022 and inform payroll. The process for allocating contribution rates may have been automated on the payroll system. Employers must ignore any reduction in pensionable pay due to sickness, child related leave, reserve forces services leave or other absence from work when setting the employee contribution rate.

An employer may decide to change an employee's contribution rate during a Scheme year if their pay changes. You can read more about allocating an employee to a contribution rate each April and when their pay changes in section 10 of the HR guide and section 5.1 of the Payroll guide. You can find both guides on the [Employer guides and documents](#) page of www.lgpsregs.org.

Additional pension limit for 2022/23

Regulations 16(6) and 31(2) of the LGPS regulations 2013 state that the additional pension limit increases on 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied. The increase due on 1 April 2022 is the increase that applied on 12 April 2021 (as the 2022 increase does not take effect until 11 April 2022). The additional pension limit of £7,316 that applied in 2021/22 is increased by 0.5% to £7,352 from 1 April 2022.

Annual and lifetime allowance limits

The Chancellor of the Exchequer announced in the 2021 Budget that the lifetime allowance would remain at its current level of **£1,073,100** until April 2026. Freezing the lifetime allowance is provided for in the [Finance Act 2021](#).

The standard annual allowance, defined in section 228 of the Finance Act 2004, is unchanged at **£40,000** for 2022/23. There are no changes in the tapered annual allowance provisions as set out in section 228ZA of the Finance Act 2004 for the 2022/23 year. These are shown in the table below.

Tapered annual allowance (AA) limits

	Definition	Limit in 2022/23
Threshold income	Broadly, taxable income	£200,000
Adjusted income	Threshold income plus pension input amount	£240,000
Minimum AA	If AA is tapered, the minimum AA that can apply	£4,000

Annual Revaluation Order

The full year increase to be applied at one second after midnight on 31 March 2022 to the career average pension earned up to 31 March 2022 is 3.1%. This is set out in The Public Service Pensions Revaluation Order 2022 [SI 2022/215]. You can view the Order on the [Related legislation](#) page of www.lgpsregs.org

Annual Pensions Increase

LGPS administering authorities must increase a qualifying pension from 11 April 2022. Employers who pay their own annual compensation benefits, which relate to historical awards of compensatory added years, must also increase qualifying pensions from 11 April 2022. The increase that applies to a pension that began (ie has a pensions increase date) before 12 April 2021 is **3.1%**. The percentage and part year percentage increases are detailed in The Pensions Increase (Review) Order 2022 [SI2022/333]. You can find the Order and the multiplier tables on the [Related legislation](#) page of www.lgpsregs.org

Retail Price Index (RPI) Increase

The annual increase that applies to any additional pension purchased under an Additional Regular Contributions contract that started between 1 April 2008 and 31 March 2012 is based on RPI in the previous September. The increase that applies on 11 April 2022 is **4.9%**.

Disclosure requirements for NMPA increase

We have received several questions about whether an administering authority must tell its members about the normal minimum pension age (NMPA) increase. In particular, whether regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 is triggered.

Section 10 of the Finance Act 2022 increases the NMPA from 55 to 57 from 6 April 2028. Some members are protected against the increase. We covered this in Bulletin 216 and Bulletin 220.

Regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 requires schemes to tell members about material alterations to basic scheme information. For example, this would apply where a change in relation to the scheme results in a material alteration to the rules on when benefits are payable.

In our view, the change to the NMPA has not triggered regulation 8. This is because the change has not changed the LGPS rules on when benefits are payable. The LGPS rules on when benefits become payable are not automatically linked to the NMPA. The relevant government department will need to change the LGPS rules to align with the NMPA at some point on or before 6 April 2028. It will also need to consider whether members who qualify for protection will be allowed to receive payment before 57. When the LGPS rules change, regulation 8 will then be triggered.

Though regulation 8 is not yet triggered, it may still be helpful to start pre-warning members now. The member website for England and Wales already includes this. We will shortly be updating the brief member guides.

PASA publishes fraud guidance on pre-employment vetting

The Pensions Administration Standards Association (PASA) published on 19 April 2022 fraud guidance on vetting new employees.

PASA has been made aware of cases of fraud undertaken or assisted by pension administration employees. In some cases, individuals deliberately gained employment with the intention of committing fraud. The guidance aims to counter this risk

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