

Regulatory Update

Department for Levelling Up, Housing and Communities (DLUHC)

Government responds to McCloud consultation

On 6 April 2023, the Department for Levelling Up, Communities and Housing (DLUHC) published their response to the consultation on amendments to the underpin.

The consultation proposed changes to the underpin to address the discrimination found in the McCloud judgment and to ensure that it works effectively and consistently for all qualifying members. The consultation ended on 8 October 2020.

Alongside the response, in collaboration with the Scheme Advisory Board, DLUHC published a [factsheet summarising the remedy for members](#). We have added a link to the factsheet on the McCloud FAQs page of www.lgpsmember.org.

DLUHC expects to launch a further consultation this spring. The consultation will seek views on:

- issues that, because of the consultation responses, they have not yet made a final decision on (such as aggregation and flexible retirement),
- issues not included in the original consultation (such as compensation, interest and excess teacher service), and
- updated draft regulations.

DLUHC will finalise the regulations after considering the responses to the further consultation. These will come into force on 1 October 2023, with backdated effect to 1 April 2014.

You can access the consultation documents on the [Scheme consultations page](#) of www.lgpsregs.org.

DWP

Expansion of auto enrolment

On 3 March 2023, the Department for Work and Pensions (DWP) issued a [press release](#) confirming it will support the private members bill expanding auto enrolment. The [Pensions \(Extension of Automatic Enrolment\) \(No.2\) Bill 2023](#) proposes to give Government regulatory powers to:

- abolish the Lower Earnings Limit for contributions – currently £6,250, and
- reduce the age of auto enrolment for eligible jobholders from 22 to 18.

Government has not given a timetable for when they intend to use these new powers.

HMRC

On 27 March 2023, HMRC published a [Lifetime allowance guidance newsletter](#). The newsletter provides further information on:

- PCLSs and LTA protections, including examples
- how to pay and report lump sums that would have incurred an LTA charge that are now taxable as pension income
- the opportunity to join an LTA working group.

The examples in the newsletter do not refer to individual protection because there is no change in how it operates. Individual protection is not lost if a member continues to build up pension savings. The member is allowed to take a PCLS up to 25 per cent of their protected LTA.

SCAPE discount rate and impact on actuarial factors

On 30 March 2023, Lorraine Bennett emailed administering authorities in England and Wales letting them know the superannuation contributions adjusted for past experience (SCAPE) discount rate reduced on 30 March 2023 to the consumer price index (CPI) plus 1.7 per cent. This is a change from CPI plus 2.4 per cent. This was announced in [a written ministerial statement](#) by the Chief Secretary to the Treasury.

Impact to actuarial factors

The reduced SCAPE discount rate is effective from 30 March 2023. DLUHC and SPPA have confirmed the following calculations should be immediately suspended until new factors are issued:

- certain non-club transfers and interfund / intrafund calculations
- certain non-club cash transfer sums
- all cash equivalent values (C E V) for divorce.

SCAPE tables for [England & Wales](#), setting out the transitional arrangements in detail, accompanies this bulletin. We have updated the table to include cash transfers sums and contribution refunds.

We understand DLUHC and SPPA will issue new transfer factors in April / May. They have also confirmed the remainder of the Scheme's actuarial factors will be amended in due course. Their intention is to introduce revised factors over a four-month period starting in April 2023.

We recommend administering authorities:

- communicate the impending changes to actuarial factors to members, when providing retirement quotations with an effective date on or after 1 April 2023

- notify the court where they have provided a CEV for divorce purposes but a pension sharing order has not yet been made. This will allow for the change in the CEV to be taken account in the financial settlement.

Action for administering authorities - Make sure processes and communications are in line with the changes.

Scheme Advisory Board (SAB)

Pension Dashboards

Pensions dashboards ('dashboards')

Latest news

In May 2023, PDP [published their Progress update report on dashboards](#). There are articles on:

- the Department for Work & Pensions (D W P's) written ministerial statement on pensions dashboards connection times confirming that there will be an update before parliamentary recess in July
- programme reset following the written ministerial statement – reset got underway on 20 March and more information will be available before parliamentary recess in July
- consent comprehension research - a research into users' understanding of how their data will be used during the dashboards journey
- preparing for dashboards – connection, data, matching, awareness and understanding legal and regulatory obligations
- updates from D W P, the Financial Conduct Authority and the Pensions Regulator
- useful resources
- subscribing to PDP's newsletter

TPR Dashboards compliance and enforcement consultation

On 14 February 2023, we responded to the Pensions Regulator's (TPR) dashboards compliance and enforcement consultation. Our response can be found on the:

- [Non-scheme consultations page](#) of www.lgpsregs.org

See [bulletin 231](#) for more information about the consultation

PDP publishes consumer protection video

The Pensions Dashboards Programme (PDP) recently published [an explainer video on consumer protection](#). The video explains what protections will be in place to ensure dashboards are safe and secure.

Please see the [consumer protection page of PDP's website](#) for more information on this topic.

SAB

Code of transparency roadshows

The SAB is running a series of free, in person training sessions on investment cost transparency. The training is aimed at local pension board and committee members, as well as administering authority officers. Session dates and locations are listed below. Click on the location for a link to the booking page on the LGA's website.

21 June [London](#)

11 July [Manchester](#)

20 July [Bristol](#)

12 Sept [Wolverhampton](#)

13 Sept [Leeds](#)

26 Sept [Cardiff](#)

The sessions will provide:

- an explanation of the purpose and background of SAB's ground-breaking code of transparency
- a case study from an L G P S fund on how investment cost information has been used
- a troubleshooting session on how to use the online reporting system – for officers only
- a facilitated discussion on the information that fund officers should be receiving and how this information should be reported to pension boards and committees – for officers only.

If you are asked for a purchase order number when you book, please use SAB 2023

McCloud remedy consultation

On 30 May 2023, [DLUHC published a consultation and draft regulations](#) concerning the McCloud remedy. The consultation closes on 30 June 2023.

The consultation seeks views on proposals to address discrimination found by the courts in the McCloud case. This follows the Government's response published in April 2023. See [bulletin 237](#) for more information.

DLUHC is consulting on new approaches in certain areas that reflect responses to the 2020 consultation and more closely align the L G P S to policies adopted by other public service pension schemes. DLUHC is seeking views on the following proposals:

- No aggregation requirement: underpin protection will extend to a new pension account that started before 1 April 2022, even if the earlier period of membership is not aggregated, as long as there has not been a disqualifying break.
- Previous membership of another public service pension scheme on or before 31 March 2012: a member will qualify for underpin protection because of earlier membership of another public service pension scheme, even if the pension rights from the other scheme have not been transferred to the LGPS, as long as there has not been a disqualifying break.
- Flexible retirement: a member with underpin protection who takes flexible retirement before 1 April 2022 will also have underpin protection on any benefits built up after flexible retirement and before the end of the underpin period. The consultation also considers how the underpin will operate when a member takes partial flexible retirement.

The consultation covers topics that were not included in the 2020 consultation.

These include:

- policies for individuals with excess teacher service - see [Bulletin 229](#) for background information on this group
- when a member may be paid compensation if they have suffered a loss relating to the discrimination found in the McCloud case or the McCloud remedy
- the interest terms that will apply when payments are made late due to the McCloud discrimination.

We will respond to the consultation in due course and let you know we have done so. You can access the consultation documents on the [Scheme consultations](#) page of www.lgpsregs.org

Action: WYPF are reviewing the consultation documents and will respond by 30 June 2023.

Training

Annual governance conference 2024

Our annual governance conference retains its popular lunchtime to lunchtime schedule. It will take place on Thursday 18 and Friday 19 January 2024 at the Principal Hotel in York. We are finalising the programme and securing speakers. Booking will open in July 2023.

If you would like to be notified when bookings open or if you have any questions about the conference, please email elaine.english@local.gov.uk

Fundamentals training 2023

Our Fundamentals training for 2023 is now open for booking.

Fundamentals is a three-day training course predominately aimed at elected members and others who attend pension committees and local pension boards. Past delegates have also included trade union and employer representatives, and officers who support committees and boards. The course provides a scheme overview and covers current issues in relation to administration, investments and governance of the L G P S. All sessions are delivered by experts in their field. See the course programme for full details – the timings shown only apply to the in person sessions.

We are running the in person training in two locations - London and Manchester, and online.

We have listened to feedback and will be delivering each day of the online sessions over two days. You only need to complete one booking per day – this will automatically book you on both of the half days. It is not possible to book for a half day. The online sessions will be delivered using Zoom.

Attending all three days will help delegates meet the relevant requirement for knowledge, skills and understanding either required in statute or encouraged by relevant guidance.

Cost

In person - £280 plus VAT per session. The price is inclusive of lunch and refreshments.

Online - £240 plus VAT per session.

We recommend early booking as places are limited. You can book online through the [LGA events page](#). We are unable to take manual bookings. Please find links to the individual sessions below. Day one

- 5 October – Manchester, Piccadilly Hotel
- 12 October – Westminster, LGA offices
- 19/26 October – online. Day two
- 2 November - Westminster, LGA offices
- 8 November - Manchester, Piccadilly Hotel
- 16/23 November – online. Day three
- 5 December - Westminster, LGA offices
- 13 December - Manchester, Piccadilly Hotel
- 11/19 December – online.